



Daily Report

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General

'Roundup' Views 'Overheated' World Economy

OW0608120788 Beijing XINHUA in English
0802 GMT 6 Aug 88

["Round-Up: Review and Forecast of Changing World Economy (by Le Zhude)"]—XINHUA headline]

[Text] Brussels, August 5 (XINHUA)—Rather than a recurrence of last October's stock market crash which was feared at the start of the year, the world today is faced with an "overheated" economy, coupled with burgeoning inflation.

This has prompted leading economic and financial institutions around the world to scale up their earlier economic projections, putting the average growth rate of major industrial countries at 3 percent.

Giving reasons for such a development in an interview with XINHUA, Ting Tek-lee, assistant general manager of the Luxembourg branch of the Bank of China, credited it with international coordination, liberal policies and increased adaptability of enterprises.

Rather than the resort to curbs on money flow to fight the stock crisis in the 1920's, Ting said, this time the industrialized countries of the West agreed to adopt a liberal monetary policy.

From last October to March this year, the United States, Western Europe and Japan lowered their interest rates, a move which had, to some extent, restored confidence in the stock market.

Both Japan and Federal Germany tried to encourage domestic demands through a liberal policy which stimulated production and increased demands on world markets.

In addition, the improved financial situation of enterprises in the West have made them less vulnerable to crises, and the rising industrial nations and regions of the world, with an increased consuming capability, offer new markets for enterprises in the west.

A spin-off of last year's stock crash was a plunge of the U.S. dollar, which boosted the competitiveness of U.S. goods on world markets. Its exports rose sharply, and its foreign trade deficit fell, which helped the economy to rebound quickly.

Ting pointed out that coordination among nations had blunted contradictions and delayed the occurrence of various potential crises, but imbalance in the world economy still remains an unstable factor inherent in the world economy.

Outstanding among the unstable factors are a reviving inflation, fluctuations of the U.S. dollar and higher interest rates of other countries.

According to statistics released by the United States recently, U.S. enterprises have been operating at an eight-year record high capacity of 83.1 percent in the second quarter of this year. The figures show that consumer expenditures rose 1 percent in June, much higher than the increase of 0.3 percent in personal income. This swelling in consumption has made the shadow of inflation loom larger. It rose from 3.5 Percent in the first quarter to 4.7 Percent in the second. The lingering drought now gripping the United States is also ominous for its economy.

Britain also witnessed a 4.6 percent rise in inflation in June as a result of its liberal monetary policy which, though boosting investment and consumption, has added to the pressure on price rises.

With the fast growth of the U.S. economy, the U.S. dollar has been climbing since June, a reflection of the monetary market's confidence in the U.S. dollar and also a result of international coordination. The central banks of Western Europe joined efforts to support the U.S. dollar, because a falling U.S. dollar would erode the competitiveness of their exports.

Of late, however, the surge of the U.S. dollar has triggered fresh misgivings on the part of West European nations which, according to Ting, fear that the rising U.S. dollar would bring about a rebound in the U.S. trade deficit, thus leading to a revival of protectionism. Besides, the hovering exchange rate of the U.S. dollar would put pressure on inflation in their own countries.

For the U.S. Government, there is no pressing need to stop the dollar from rising, because it can curb inflation as is desired in an election year. But U.S. economists have forebodings that a worsening imbalance in international payments would lead to another "plunge" of the U.S. dollar, thus inviting recession.

In spite of the repeated scale-ups in interest rates in Western Europe and Japan in an effort to stabilize the dollar, it remains stiff and keeps on rising, threatening to contain investment and dampen domestic demands and consequently arrest economic growth. This is crucial to whether the monetary market can maintain its confidence in the world economy.

The economic climate of the world has been changing fast over the past 10 months. Looking ahead, Ting said, the world economy depends to a large extent on what financial policy the U.S. will follow. He said it is a good thing for the rest of the world if the next U.S. president increases taxes to reduce the financial deficit and takes measures to reduce national debts, with inflation held in check.

Reportage on UN Efforts for Gulf War Cease-fire

UN Envoy To Discuss War

OW0508125488 Beijing XINHUA in English
0649 GMT 5 Aug 88

[Text] United Nations, August 4 (XINHUA)—U.N. Secretary-General Javier Perez de Cuellar said here today that he will brief members of the Security Council on the findings of the technical team investigating possible arrangements for a cease-fire between Iran and Iraq.

After consultations this evening with Chinese Ambassador to the United Nations Li Luye, president of the council for the month of August, the U.N. chief told reporters that on the basis of the oral report of Lieutenant-General Martin Vadset, head of the team, he is going to report to the council in their informal consultations tomorrow afternoon.

The team, which spent three days in each country, was sent there early last week to work out an immediate cease-fire on land, at sea and in the air as called for in the Security Council's Resolution 598.

Earlier today, the secretary-general met General Vadset for two hours. The general later told reporters that his is "a rather comprehensive report." However, they both refused to go into details.

Vadset said both Iran and Baghdad expressed their willingness during his visit to be of help to his team in finding a solution.

Over the past two days, President of the Security Council Li Luye has also been in constant contact with members of the Security Council, the secretary-general, and Iranian and Iraqi diplomats in order to speed up the U.N. efforts to end the eight-year war.

UN Chief on Cease-fire

OW0708050488 Beijing XINHUA in English
0058 GMT 7 Aug 88

[Text] United Nations, August 6 (XINHUA)—U.N. Secretary-General Javier Perez de Cuellar expressed the hope here this afternoon that he could announce early next week the date for a ceasefire between Iran and Iraq.

The U.N. chief said this to reporters after receiving information from Baghdad that President Saddam Husayn has accepted a conditional ceasefire with Iran.

"I received information from the foreign minister of Iraq that his president has decided to accept an immediate ceasefire followed by direct talks under my auspices," the secretary-general said.

He called President Husayn's statement "a very important step forward."

"The impression I have is that it can solve the problem," though "I need clarifications from both sides," he added.

The U.N. chief's effort in bringing an early end to the eight-year war between the two Gulf states has been stalled in the past week owing to Iraq's insistence on its direct talks with Iran before a formal ceasefire.

According to press reports from Baghdad, President Husayn announced today that Iraq is going to accept a ceasefire if Iran agrees to hold direct talks with Iraq after the ceasefire.

U.N. sources hoped that the latest development will accelerate the peace process at the United Nations and a D-Day, U.N. chief's term for the date of ceasefire, can be set next week.

Iran To Give Response

OW0708094988 Beijing XINHUA in English
0152 GMT 7 Aug 88

[Text] United Nations, August 6 (XINHUA)—U.N. Secretary-General Javier Perez de Cuellar said here this evening that Iran will give "an official reaction" to Iraqi conditions for a ceasefire tomorrow.

The U.N. Chief told reporters after his separate meetings with representatives from Iran and Iraq that he is hopeful for the peace prospects. "But of course, we have to respect the final decision of the Iranian Government," he added.

The U.N. chief met with Iranian Foreign Minister 'Ali Akbar Velayati and Iraqi ambassador Ismat Kittani separately here this evening after receiving information from Baghdad that President Saddam Husayn has formally accepted a conditional cease-fire with Iran.

On his meeting with Kittani, the U.N. chief said that the ambassador "conveyed officially the ideas of President Husayn to me."

He was hopeful that "we are on the way of final solution of the problem through the full implementation of Resolution 598."

The U.N. chief has been engaged in intensive consultations with the two warring states and the Security Council to bring an end to the eight-year Gulf war since Iran formally accepted on July 17 Security Council Resolution 598, which demands, among other things, an immediate cease-fire between Iran and Iraq.

Before his meeting with Velayati, the U.N. chief told reporters that he would ask the Iranians to send him a formal letter clarifying Iran's official position.

He will meet with the Iranian foreign minister at 10:00 tomorrow morning.

UN Envoy Supports Efforts

OW0808043988 Beijing XINHUA in English
0050 GMT 8 Aug 88

[“Security Council President Backs U.N. Chief’s Effort To Announce Gulf Cease-fire (by Lei Lili)”—XINHUA Headline]

[Text] United Nations, August 7 (XINHUA)—U.N. Security Council President Li Luye said here today that he backs the U.N. chief’s efforts to announce a D-day for a cease-fire between Iran and Iraq tomorrow.

Emerging from the council’s informal consultations this afternoon, Ambassador Li, Chinese permanent representative to the U.N. who acts as the council president for the month of August, told reporters that he has “full confidence that the secretary-general (Javier Perez de Cuellar) will announce the cease-fire tomorrow.”

Minutes earlier, the U.N. chief told the press that in principle he will “announce the cease-fire tomorrow afternoon” now that both Iran and Iraq “agree with a cease-fire followed by direct talks under my auspices.”

“The council will support him,” President Li said.

The president also said that the council will hold informal consultations at 11:00 tomorrow morning to prepare a formal council meeting in the afternoon.

According to sources close to the secretary-general, the U.N. chief will announce the D-day for the cease-fire at tomorrow afternoon’s Security Council formal meeting.

Over the past two weeks, the U.N. chief has been engaged in constant talks with both Iranian and Iraqi officials in an effort to bring the two warring parties to an agreed and immediate cease-fire, as called for in Security Council Resolution 598.

“He has been quite successful in his attempt to bring the two parties together and we hope he will be in a position to make a very important announcement tomorrow,” said Brazilian ambassador Paulo Nogueira-Batista, who was the council’s president last month.

Last week, the U.N. chief’s efforts seemed almost stuck when Iraq insisted on face-to-face talks with Iran before a cease-fire while Iran rejected such talks as Iraq’s precondition for implementing the resolution.

However, Iraqi President Saddam Husayn announced yesterday in Baghdad that Iraq agrees to accept a U.N.-planned cease-fire as long as Iran announces “clearly, unequivocally and officially its approval of initiating direct negotiations with Iraq immediately after the cease-fire.”

Iranian Foreign Minister ‘Ali Akbar Velayati met the U.N. secretary-general this morning and informed the U.N. chief that Iran agrees to accept direct talks with Iraq after the cease-fire is effective.

Early in the afternoon, Iraqi ambassador to the United Nations ‘Isamat Kittani also met the secretary-general and said he couldn’t make any comments on the Iranian response before he consults his government.

According to Iranian diplomats here, Velayati is leaving New York for home tomorrow.

Iraqi Foreign Minister Tariq Aziz, who had also been here for talks with the secretary-general, was summoned home last weekend.

Security Council To Discuss War

OW0808094588 Beijing XINHUA in English
0611 GMT 8 Aug 88

[U.N. To Begin Fruitful Week (by Chen Shengtao)—XINHUA headline]

[Text] United Nations, August 7 (XINHUA)—The U.N. Security Council is beginning another hectic, but expectedly fruitful, week now that both Iraq and Iran have accepted a cease-fire to be followed by direct talks on other matters relating to ending their 8-year-old war according to Council Resolution 598.

Above all, the Security Council members, who are going to conduct consultations later this afternoon in the presence of Secretary General Javier Perez de Cuellar, will have to agree on a specific date for the long-awaited truce, which the U.N. chief said earlier today will be announced in a couple of days and take place in two weeks.

The fixing of the date is no easy job either, observers believed, as it has to be accepted by the parties in conflict and presupposes tougher bargaining.

Emerging at noon from his 10th meeting with Perez de Cuellar, Iranian Foreign Minister ‘Ali Akbar Velayati said he had officially informed the U.N. Chief that Iran accepted direct talks after a cease-fire as Iraq did.

But Velayati added the level, time and place of the talks depend on the decision of the U.N. chief, suggesting that Iran will not leave these points to the discretion of Iraq.

However, it is certain that the United Nations has entered a new and promising phase of its one-year-old painstaking peace effort, following the achievement of three breakthroughs over the past three weeks.

The first hard-won turning-point came on July 18 when Iran, after one year of reluctance, announced its “unconditional” acceptance of U.N. Resolution 598, thereby engendering a new series of negotiations at the U.N. Headquarters.

The resolution, which was readily accepted by Iraq, calls for a cease-fire, exchange of POWs, troops withdrawal, an inquiry to determine responsibility for the war, and settlement of all outstanding issues between the two sides through U.N. Mediation.

The Iraqi response to the Iranian compromise then was insistence on direct talks with Iran on the implementation of the entire resolution, a demand which Iran rejected as a pre-condition to a cease-fire which is mandatory in the resolution.

Repeated consultations between the U.N. chief and the two parties followed and resulted in Iran's agreement to have direct talks when a cease-fire is in place. This was the second milestone in the current process of negotiations. But Iraq remained firm in its position until Saturday afternoon when it announced its concession to Iran's formula, to the great relief of diplomats here.

Another important matter the Security Council has to treat, observers said, is the much-rumored Iraq's request for a guarantee from the five permanent council members for the realization of direct talks and the implementation of the resolution.

Iraq, which is so suspicious of Iran's sincerity for peace, regards the guarantee as "indispensable" to a D-day. Whether there is going to be such a guarantee now and in what form it is to be made remain to be discussed and determined.

Still another matter facing the council members and the U.N. chief is two reports submitted by a U.N. mission on its recent investigation of the use of chemical weapons in the Gulf war.

Iran has asked for action by the council on the investigation as it proved instances of such use in both sides. Iran has also requested for the dispatch of another U.N. mission to investigate the latest instances of such use by Iraq against its forces and civilians as identified.

Nevertheless, many council members encouraged by the recent development, are prudent on the issue. They want to make sure that it would not complicate the advancing peace process as a whole.

The council has also before it for discussion a report on the technical arrangements made recently for the prospective cease-fire by a U.N. team.

The U.N. chief said on Thursday he was going to present the report to the council next Tuesday or Wednesday. But observers believed that in view of the weekend progress, the matter will have to give way to the fixing of a D-day which is of paramount importance and must be solved without delay.

United States & Canada

Hu Qili Meets Visitors From U.S. Media

OW0808111988 Beijing XINHUA in English
0749 GMT 8 Aug 88

[Text] Beijing, August 8 (XINHUA)—Hu Qili, member of the Standing Committee of Political Bureau of the Chinese Communist Party Central Committee, met here today Wayne Tam, chairman of the China Daily News Group and president of the Apple Television in New York, and Philip Chang, general manager of the Apple Television.

Tam and Chang are here as guests of the Office of Overseas Chinese Affairs of the State Council.

Jilin Delegation Leaves for United States

SK0808034288 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 7 Aug 88

[Text] At the invitation of the State of Oregon, an eight-member economic delegation from Jilin Province, headed by Gao Wen, vice governor of the province, left the city of Changchun on 7 August for Beijing Municipality through which the delegation will leave for a visit to the United States.

During its stay in the United States, the delegation will first view the status of the lumber industry and hold discussion on economic and trade cooperation between the province and the United States.

Seeing the delegation off at the railway station were leading personnel including Liu Xilin, vice governor of the province.

Management Specialists Leave for Study in U.S.

OW0608114388 Beijing XINHUA in English
0811 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—A group of 13 senior Chinese management specialists left here by air this morning for one-year training and study in the United States.

They are going as part of a cooperation program between China's State Commission for Restructuring the Economic System and the American Telephone and Telegraph Company signed last March for Chinese senior management personnel to study and train in the U.S.

A.T. and T. will pay for 50 Chinese participants to attend a company-sponsored program.

The first batch of 13 students, aged 44 to 55, come from Chinese Government ministries and commissions, the provinces of Guangdong, Zhejiang and Hubei and Shanghai Municipality.

They will learn economic management at Harvard University and Massachusetts Institute of Technology. They will also participate in internships in A.T. and T. and other major U.S. enterprises.

U.S. Television Figure Honored in Harbin

OW0608211388 Beijing XINHUA in English
1330 GMT 6 Aug 88

[Text] Harbin, August 6 (XINHUA)—Yue-sai Kang, an American anchorwoman who sponsored the TV series, "One World", is now honorary citizen of Heilongjiang Province.

At a ceremony Friday, she received a certificate of honorary citizenship from Provincial Governor Hou Jie.

Yue-sai Kang, also presenter of the New York TV program "Looking East" is on a trip with her parents and younger sister to this capital of the province.

Dalian Factory Sells 4 Large Cranes to U.S.

OW0508161888 Beijing XINHUA in English
1141 GMT 5 Aug 88

[Text] Beijing, August 5 (XINHUA)—Four large cranes for lifting containers from ships will be exported to the United States early next year.

According to the Ministry of the Machinery and Electronics Industry, the Dalian Crane Factory and the China National Machinery and Equipment Import and Export Corporation won the international bidding launched by South Carolina state in the U.S. for four 40-ton container cranes not long ago.

The four cranes, costing a total of 2.9 million U.S. dollars, will be delivered in the first quarter of next year according to an agreement signed recently in Beijing.

The Dalian Crane Factory, with a history of 40 years, produces more than 20 kinds of lifting equipment, which have been exported to 26 countries and regions.

U.S. Reaffirms Naval Presence in Persian Gulf

OW0508182688 Beijing XINHUA in English
1737 GMT 5 Aug 88

[Text] London, August 5 (XINHUA)—The American naval force will remain in the Persian Gulf as long as the Reagan administration deems it necessary, a senior American official stated on Friday.

U.S. Deputy Secretary of State John C. Whitehead told a live Worldnet news conference: "It is premature still to think about the withdrawal of those forces (of the U.S. and West European countries) until the threat has been eliminated."

And he ruled out the complete withdrawal after the Gulf war is settled and peace returned, but only "think about reducing the naval force back to the normal level".

He also said the withdrawal of the naval forces will be done on a co-ordinated basis.

"We will have consultations with other countries which have naval forces in the Gulf about the withdrawal," he said.

Asked about the disclosure by news media of American Navy's mistake in shooting down an Iranian Airbus, which killed 290 passengers on board, the deputy secretary of state contended that the final conclusion on the matter could not be derived before the completion of the Navy's investigation report and United Nations' inquiry, which will not be ready until several weeks later.

He admitted the shooting down of the Airbus was a "tragic accident", but refused to assume legal liability to the tragedy, saying the U.S. promised payment, but not compensation, to the victims on a humanitarian ground, not for the legal liability.

On U.S. relations with Iran, Whitehead said the United States hoped for better relations with Iran in the future.

"We are ready to talk with Iranians about the whole range of subjects. We are open to those kinds of talks with any responsible Iranian officials who can speak with the authorities of the government," he said.

Welcomes Iranian Move

OW0808045388 Beijing XINHUA in English
0126 GMT 8 Aug 88

[Text] Washington, July 7 (XINHUA)—A U.S. State Department official said Sunday that Iran's acceptance of holding face to face talks with Iraq after a cease-fire takes effect was a welcome move.

Iran's decision, which removes a major obstacle in stalled U.N.-mediated peace talks, was announced Sunday by Iran's Foreign Minister Ali Akbar Velayati.

The official, who preferred not to be identified, said Iran's action was a direct result of Iraq's withdrawal a day earlier of its insistence on direct talks with Iran before a cease-fire.

Now "it's up to the secretary general to work out the details, and we fully support his efforts," the U.S. official said.

A Pentagon spokesman also viewed the Iranian move as a "very encouraging" step, but said the American naval force protecting shipping in the Gulf would be reduced only when the threat was removed.

Once the cease-fire halts the fighting, "then the number of ships would go down," the official said.

U.N. Secretary General Javier Perez de Cuellar said Sunday that he expected to announce a firm date for a cease-fire "either tomorrow or the day after tomorrow" to end the eight-year-old Gulf war.

It would probably take about two weeks for the cease-fire to go into effect for "that requires a lot of preparation," he added.

Canadian Consulate Inaugurated in Shanghai
OW0708125588 Shanghai City Service in Mandarin
2200 GMT 17 Jun 88

[Summary] A ceremony to mark the inauguration of the Canadian Consulate General in Shanghai was held at Lianyi Building on 17 June. Vice Mayor Liu Zhenyuan attended the ceremony and expressed the need to further promote friendship and economic cooperation between Shanghai and Canada. The Canadian Consulate General gave a banquet in the evening at the Hilton Hotel to celebrate Canadian Day.

Soviet Union

Ligachev Warns of Capitalist 'Market Economy'
OW0608034988 Beijing XINHUA in English 01:54
GMT 6 Aug 88

[Text] Moscow, August 5 (XINHUA)—Yegor Ligachev, the number two figure in the Soviet leadership, Friday warned that copying the Western market system will bring about unemployment and capitalism in the Soviet Union.

In a speech to party activists of the Gorkiy regional party organizations, Ligachev described the "capitalist market" as being not only "a market of commodities and capital," but also "a manpower market with its ruthless laws and chronic unemployment," according to the official Soviet news agency TASS.

He said that the Western market economy based on the private ownership is in principle unacceptable in the Soviet Union.

Observers here noted that it was the first time that Ligachev has made a public speech on domestic and foreign policy since he delivered a report at the 19th Communist Party conference in June.

On July 29, Soviet party leader Mikhail Gorbachev proposed fundamentally reforming the structure of Soviet industry and agriculture to encourage private and cooperative initiatives. Gorbachev said the Soviet Union should promote such schemes as the leasing of the means of production both in agriculture and industry.

In his speech Friday, Ligachev condemned demonstrations and strikes which took place in the country during the past few months. "Misunderstanding the notion of democratisation, some people were seeking to resolve emerging problems by strikes," he said.

"Socialism was a system of the working people and striking against themselves was absurd. Soviet society has other, democratic, constructive ways to handle conflict situations," TASS quoted him as saying.

On Soviet foreign policies, Ligachev said: "We proceed from the class character of international relations; raising the question in another way only confuses the minds of the Soviet people and our friends abroad."

Akhromeyev Explains Defense Theory in U.S.
OW0708084288 Beijing BEIJING REVIEW
in English 1-7 Aug 88

[By Zheng Qing]

[Text] At the invitation of Chairman of the U.S. Joint Chiefs of Staff Admiral William Crowe, Sergey Akhromeyev, chief of general staff of the Soviet Armed Forces, paid a new-week visit to the United States. As the first official visit to the United States by a top-ranking Soviet military delegation since World War II, this event is likely to have a significant influence on the future development of improved U.S.-Soviet relations.

The visit was arranged in the spirit of agreement reached by Soviet leader Mikhail Gorbachev and U.S. President Ronald Reagan in their Washington and Moscow summits. During the visit, the two military leaders discussed a series of issues, including military exchanges between the two countries' armed forces, the reduction of their conventional forces in Europe, Moscow's new "sufficient defence theory," and the downing of an Iranian airliner in the Gulf. The following agreements were reached.

—Both sides agreed to set up a joint military working group whose job would be to improve military relations and study ways of reducing peace-threatening military incidents when their forces are operating in nearby vicinities.

—Both sides agreed and announced a plan for wide-ranging expansion of exchanges between their armed forces.

The Soviet chief of staff spent much time watching U.S. Marine Corps training, a demonstration of the performance of M-1 tanks, and visiting a training centre for launching intercontinental ballistic missiles and other military facilities.

International strategists believe that the decision of U.S. authorities to allow the Soviets to enter strategic military sites and be shown high-tech sophisticated weapons equipment was made with their own interests in mind—to show off U.S. military might and prepare for the future visit to the Soviet Union by a U.S. military leader and a reciprocal inspection of Soviet military facilities and advanced weapon systems.

Although some headway was made during the visit, disagreement still remains on some major issues of principle.

No progress was reported in the talks on reducing U.S. and Soviet conventional forces in Europe. The U.S. side voiced disapproval of the Soviets' so-called new defence theory. Originally the Soviet chief of staff attempted to take the opportunity to explain directly to the U.S. side that Soviet military principles are now defensive in nature and that, in light of these new principles, the Soviet Union is beginning to transform the organization and structure of its Armed Forces. He hoped that the United States would accept the Soviets' new "sufficient defence theory" and take actions that would allow both sides to "sit down at the negotiating table and explore the questions that remain unsettled."

The United States, however, could not accept that Soviet military principles had changed substantially.

During the talks, the U.S. side insisted that the U.S. cruiser Vincennes shot down the Iranian airliner by mistake, while the Soviet rebutted that the civilian jet was downed on purpose. They denied that there were any similarities between this incident and the downing of a South Korean airliner by a Soviet fighter in 1983.

Akhromeyev told reporters at a news conference that he had successfully completed his visit, and that his discussions with the U.S. military leaders were "extremely candid and open" and would "profit both of us in the future."

Moscow, Kabul Warn Pakistan Over Accords
OW0808050188 Beijing XINHUA in English
0141 GMT 8 Aug 88

[Text] Moscow, August 7 (XINHUA)—Moscow and Kabul said Sunday that they would take actions if Pakistan continued "crude" violations of the Geneva accords on Afghanistan.

A joint statement, issued at the end of a three-day visit to Kabul by Soviet Foreign Minister Eduard Shevardnadze, said Pakistan's support for Afghan guerrillas made Moscow and Kabul to "draw appropriate conclusions."

The statement said the Pakistani authorities "systematically and crudely violate the Geneva accords, encourage interference in Afghanistan's affairs from the territory of Pakistan."

"This finds its expression in the sending of weapons and equipment to Afghanistan, sending across the border armed detachments," the statement noted, adding that "the camps and bases of the anti-Afghan forces staying in Pakistan are not being dismantled."

In his recent visit to the Soviet Union, Pakistani Foreign Minister Yaqub Khan denied the same charges but accused Moscow and Kabul of violations of Geneva accords.

The statement said, "This situation cannot but make the Soviet Union and Afghanistan (Kabul regime) draw the necessary conclusions and determine their actions if an end is not put to interference in Afghanistan's affairs."

It did not say what actions might be taken but called on the United States to put pressure on Pakistan.

The statement said that the withdrawal of Soviet troops from Afghanistan was going ahead on schedule and that by August 15 the first stage, a 50-percent pullout, would be completed.

Soviet Supreme Court Reverses 1930's Verdicts
OW0508133488 Beijing XINHUA in English
0541 GMT 5 Aug 88

[Text] Moscow, August 4 (XINHUA)—The Soviet Supreme Court has rehabilitated four major mishandled cases of the 1930's, the official Soviet news agency TASS reported today.

The four cases were: 1. The case of the "Marxist-Leninist League" of 1932, which was convicted of establishing counterrevolutionary organizations and conducting anti-Soviet action; 2. The "Moscow Center" case of 1935, in which 10 old Bolsheviks were convicted of being involved in the murder of S.M. Krov, who is then the Politburo member of the Soviet party Central Committee; 3. The case of the "Trotsky-Zinovyev Anti-Soviet Joint Center" of 1936, which led 14 senior officials to the death penalty with convictions for spying and terrorist actions, as well as plotting the murders of Soviet party and state leaders; 4. The case of the "Trotsky-Zinovyev Anti-Soviet Parallel Center" of 1937, in which 15 people were charged with treason, spying and terrorist actions and executed by shooting.

The Supreme Court concluded, after a recent re-investigation, that the four so-called anti-Soviet organizations did not exist at all, and removed the original verdict and rehabilitated the people involved.

Northeast Asia

DPRK Editorial on Korean-U.S. Relations Cited
HK0608052888 Beijing RENMIN RIBAO
in Chinese 2 Aug 88 p 6

[Dispatch by reporter Xu Baokang (1776 1405 1660): "DPRK 'NODONG SINMUN' Editorial Expresses Hope for Talks Between DPRK Supreme People's Assembly and U.S. Congress"]

[Text] Pyongyang, 1 Aug (RENMIN RIBAO)—In an editorial today, the Korean paper "NODONG SINMUN" pointed out: The present hostility between the DPRK and the United States can do no more than aggravate tensions on the Korean peninsula. To solve the problem of ensuring peace on the Korean peninsula, Korean-U.S. relations must be improved and the strained military confrontation on the

Korean peninsula must be eased. Talks between the DPRK Supreme People's Assembly and U.S. Congress will not only relax the present tensions but also will help promote dialogues between the North and the South of Korea and bring a favorable turn for the improvement of relations between the DPRK and the United States.

The editorial said: The proposal put forward by the DPRK Supreme People's Assembly Standing Committee for talks with the U.S. Congress is a peace plan for safeguarding and consolidating peace in Korea and Asia and for creating favorable conditions for the peaceful reunification of Korea.

The editorial noted: At present the major obstacle to a peaceful settlement of the Korea issue is the acute confrontation of powerful forces between the two sides of the Korean military demarcation line. In recent years many contacts, exchanges and dialogues were made between the North and the South of Korea, but all these efforts have failed to achieve results as expected. One of the main reasons for the failure is that the DPRK and the United States are in a state of hostility and at the point of the sword.

The editorial continued: The United States, as a signatory to the Korean Armistice Agreement, bears responsibility for relaxing tensions and safeguarding peace on the Korean peninsula. Now smoothing out differences in a peaceful way and easing tensions is a trend of the times. Since the United States has reached an agreement on disarmament and improved relations with other countries, there is no reason for its persistence in showing hostility to the DPRK.

The editorial hoped that the United States would proceed from its real stance of peace to respond to the proposal put forward by the North side of Korea and open a new page in Korean-U.S. relations.

The DPRK Supreme People's Assembly Standing Committee sent a letter to the U.S. Congress on 20 July proposing talks between the DPRK and the United States.

Student Clashes, Arrests Reported in South Korea
OW0808112788 Beijing XINHUA in English
0655 GMT 8 Aug 88

[Text] Pyongyang, August 8 (XINHUA)—Approximately 300 students were arrested during demonstrations in two South Korean cities, reports reaching here said today.

The reports said groups of students clashed sporadically with riot police last night in Seoul and the southwest city of Kwangju, protesting against a government ban on a meeting between North and South Korean students.

A police spokesman said that hundreds of protesting youths ran at seven police posts with firebombs during the clash, in which 22 policemen were injured.

He said 269 students were held in Seoul while 29 were detained in Kwangju after they hurled petrol bombs and rocks at teargas-firing riot police.

The students staged overnight sit-in protests on at least three university campuses in Seoul and vowed to go ahead with their plan to meet their northern counterparts on August 15 at the border village of Panmunjom.

It was reported that South Korea's strong contingent of 140,000 police will be posted on full alert later this week to block any attempts to cross the heavily guarded border.

Reportage on North-South Korean Student Talks

Pyongyang To 'Observe'

OW0608144288 Beijing XINHUA in English
0655 GMT 6 Aug 88

[Text] Pyongyang, August 5 (XINHUA)—The Democratic Peoples Republic of Korea (DPRK) said Friday that it will send a 20-member student delegation to the North-South student talks scheduled to be held on August 15 at the truce village of Panmunjom.

According to reports from the Korean Central News Agency (KCNA), 20 representatives drawn from political parties and educational institutes of science and culture will "observe" the conference.

KCNA quoted an announcement by the preparatory committee for the student talks as saying, Kim Sok Chun, vice-chairman of the Korean Social Democratic Party's Central Committee, Choe Hui Chun, vice-chairman of the Chondoist Chongu Party's Central Committee and Choe Dok Sin, vice-chairman of the Committee for the Peaceful Reunification of the Fatherland, will be among those attending the talks.

In another report, KCNA said that 10,000 students from universities across the DPRK were gathering for a cross-country march from August 8-14.

Pyongyang earlier this week appealed to South Korean students to hold a parallel march at the same time, then meet at Panmunjom just before the talks.

Meanwhile, South Korean student organizations announced that they would send a delegation of 20 students to Panmunjom for the August 15 student talks and start a march from Cheju on August 8.

Reports from Seoul yesterday said that South Korean authorities had urged southern students to scrap plans for talks with their northern counterparts.

Reunification Minister Yi Hong Ku told student leaders that the government would block the August 15 meeting. "The government will not just sit back and watch the students meet", he said.

The Seoul authorities banned a planned North-South student meeting at Panmunjom on June 10, saying all inter-Korean contact should be arranged through official channels.

Police Ready To Block Talks

OW0608151388 Beijing XINHUA in English
1347 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—South Korean police warned Saturday that they were ready to block the proposed North-South student talks, saying the talks would create anxiety over the September Olympics.

"The talks will never be permitted for the sake of protecting national security and ensuring the successful hosting of the Seoul Olympics," National Police Chief Cho Jong-Suk said in a statement.

He said the police will put its 140,000 policemen on alert next week to block the talks scheduled on August 15 at the truce village of Panmunjom.

"Students are not interested in the success of their talks, but are intent at spreading anti-American and anti-government sentiments", he added.

The students from both sides plan to meet at Panmunjom on August 15 for talks on co-hosting the Olympic Games, and on the reunification of Korea.

In June, the South Korean police fired volleys of tear gas to stop students from reaching Panmunjom in their first attempt at a North-South student meeting.

Koreans in Japan Invited

OW0708090488 Beijing XINHUA in English
0108 GMT 7 Aug 88

[Text] Pyongyang, August 6 (XINHUA)—The Democratic People's Republic of Korea (DPRK) today invited Korean students in Japan to participate in the August 15 North-South student talks and the preceding cross-country march for national reconciliation.

According to the Korean Central News Agency (KCNA) today, Korean students in Japan staged a rally on August 1 expressing their hope to join the forthcoming march and the August 15 talks.

It was announced at the rally that a delegation of 11 Korean students in Japan would be dispatched to the march and joint talks.

A senior administration council official of the DPRK welcomed the students to the march and the talks in a letter to the chairman of the student association in Japan, KCNA said.

The students from Japan will be allowed to participate in the march and the talks in the North.

S. Korean Students Attack U.S. Cultural Center

OW0608203288 Beijing XINHUA in English
1404 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—Some 100 South Korean students hurled fire bombs at a U.S. cultural center in the southern city of Kwangju today, according to a REUTER report from Seoul.

They were quickly dispersed by riot police firing tear gas, the report added.

"About a dozen windows were broken but no major damage was done," a U.S. Embassy spokesman in Seoul was quoted as saying.

Earlier in the day, about 1,000 students fought riot police with petrol bombs and rocks at Chosun University in Kwangju, the report said.

Legislators Seek To Restrict Chon's Travel

OW0508184788 Beijing XINHUA in English
1450 GMT 5 Aug 88

[Text] Beijing, August 5 (XINHUA)—A special parliamentary committee today demanded that former Korean "President" Chon Tu-hwan and 15 of his relatives be banned from going abroad, according to reports from Seoul today.

In a request sent to the Justice Ministry, the committee said the ban will be in force until December 31 because an investigation into the suspected wrongdoing of Chon and his relatives is being sought by the Parliament.

The accused include Chon, his wife Sun-ja, her father, Chon's two younger brothers, and other relatives.

Earlier, Chon and his relatives were accused of being involved in various scandals and corruption cases before Chon stepped down on February 25 at the end of his seven-year term.

Nakasone To Visit Moscow in November

OW0508192688 Beijing XINHUA in English
1532 GMT 5 Aug 88

[Text] Tokyo, August 5 (XINHUA)—Former Japanese Prime Minister Yasuhiro Nakasone said in Karuizawa, Nagano Prefecture, today that he will visit Moscow and meet Soviet leader Mikhail Gorbachev again in November, according to a dispatch from that city.

Former U.S. Secretary of State Henry Kissinger and former French President Valery Giscard d'Estaing will visit Moscow with Nakasone said.

The three men will make the visit as representatives of the Trilateral Commission, an elite group of Japan, North America and West Europe from political and business circles.

Nakasone met Gorbachev in Moscow in late July.

The Soviet leader reportedly said he is looking forward to the visit.

Shevardnadze Likely To Visit Japan in December
OW0508151188 Beijing XINHUA in English
1336 GMT 5 Aug 88

[Text] Tokyo, August 5 (XINHUA)—Soviet Foreign Minister Eduard Shevardnadze is likely to visit Japan sometime in December, Soviet diplomatic sources told reporters here today.

A specific date for the visit will be set before late September when the United Nations General Assembly session is convened, the sources said.

Shevardnadze is expected to meet his Japanese counterpart Sosuke Uno, in New York during the U.N. session.

The visit was arranged by Soviet leader Mikhail Gorbachev when he met Japanese Former Prime Minister Yasuhiro Nakasone in Moscow in late July.

Japan Proposes Weapons Development With U.S.
OW0508234488 Beijing XINHUA in English
1415 GMT 5 Aug 88

[Text] Tokyo, August 5 (XINHUA)—Japan has proposed to the United States that the two countries jointly develop five new weapons systems, the local press reported today.

Japan made the proposal at a Japan-U.S. meeting on armament and technology here on June 13, press reports quoted Japan's Defense Agency sources as saying Thursday.

The five proposed weapons systems include: laser arms, armor-piercing shells, and jet engines for missiles.

It is reported that Japan and the United States will reach an agreement on at least one system at a meeting late in September.

U.S. 7th Fleet Flagship Exercise Off Japan
OW0508164888 Beijing XINHUA in English
1058 GMT 5 Aug 88

[Text] Tokyo, August 5 (XINHUA)—The 16,790-ton U.S. 7th Fleet flagship Blue Ridge entered Sasebo Port, Nagasaki Prefecture, south Japan, today for a Japan-U.S. flagship exercise beginning August 8, according to the KYODO News Service.

This and other exercises will be held off Kyushu. Such exercises have been conducted every year since 1976.

As part of Japan's Maritime Self-Defense Force, the 5,200-ton flagship Kurama, based in Sasebo, will participate in the exercises.

Japanese Ministers Urged Not To Visit Shrine
OW0608013688 Beijing XINHUA in English
1334 GMT 5 Aug 88

[Text] Tokyo, August 5 (XINHUA)—Chief government spokesman Keizo Obuchi said he has asked all cabinet members to be prudent about visiting the Yasukuni Shrine this month, an action that will again invite sharp criticism at home and abroad.

Obuchi, who is chief cabinet secretary, also said after a regular cabinet session today that Prime Minister Noboru Takeshita will not officially visit the Yasukuni Shrine on August 15, a place in Tokyo where memorial ceremonies are held for Japanese killed in wars, including aggressive wars.

It is up to each member of the cabinet to decide whether to visit the shrine or not, Obuchi said. Eight of the 21 cabinet members have reportedly said they will visit it on August 15.

However, he expected each state minister to consider fully why Takeshita has decided not to visit the shrine officially.

The government has announced that Takeshita will pay an official visit to China from August 25 to 30.

Visits to the shrine in the past by cabinet members aroused harsh criticism at home and from neighboring Asian countries that suffered from Japanese aggression in World War II.

The shrine houses tablets for six Japanese first-class war criminals classified by the Far East Military Tribunal after the war, including the then Prime Minister Hideki Tojo.

Antiwar Demonstration at Japanese Air Base
OW0708121888 Beijing XINHUA in English
1138 GMT 7 Aug 88

[Text] Tokyo, August 7 (XINHUA)—An "anti-war and anti-nuclear" human chain of about 12,000 people encircled an Air Self-Defense Force (ASDF) base in central Japan today, the KYODO news service reported.

The base in Komatsu, Ishikawa Prefecture, is the first ASDF base to be ringed by protestors, the Japanese Defense Agency said.

The Komatsu Base is the only one facing the Sea of Japan. It has combat air units and accounts for about 20 percent of the total ASDF emergency takeoffs in a year.

Today's demonstration was organized by members of the General Council of Trade Unions of Japan (SOHYO) in the five Prefectures of Fukui, Ishikawa, Toyama, Niigata and Nagano in central Japan.

SOHYO President Takeshi Kurohawa said in a speech that the July 23 collision of the Maritime Self-Defense Force submarine Nadashio and a sport fishing boat showed the "military above human lives" mentality of the Self-Defense Forces. The collision killed 30 people just outside Tokyo Bay.

World Antinuclear Meeting Ends in Hiroshima
OW0808012988 Beijing XINHUA in English
2339 GMT 7 Aug 88

[Text] Tokyo, August 7 (XINHUA)—An anti-nuclear world meeting closed a three-day session in Hiroshima today after adopting an appeal for abolition of nuclear weapons, according to a news report from that city.

Representatives from 26 nations and 15 international organizations attended the meeting, sponsored by the Japan Council Against Atomic and Hydrogen Bombs (Gensuikin).

Some 11,000 people were present at the closing session. Gensuikin will move to Nagasaki, atom-bombed on August 9, 1945, to hold another anti-nuclear conference there Tuesday.

Southeast Asia & Pacific

Casualties Reported in Burmese 'Riots'

Demonstrations in Rangoon
BK0608124688 Beijing International Service
in Burmese 1130 GMT 6 Aug 88

[Text] According to Western news agencies, about 200 youths held demonstrations in Rangoon on 4 August after martial law was declared in Rangoon city by authorities on 3 August.

The demonstrators carried the picture of the national hero, General Aung San, and chanted antigovernment slogans. It was learned there was no violence.

5 Dead, 'Scores' Hurt
BK0808120488 Beijing International Service
in Burmese 1130 GMT 8 Aug 88

[Text] XINHUA News Agency reported that there were riots and demonstrations in Pegu, Yenangyaung, and Thanatpin cities on 6 August. Five people were killed and scores of others were hurt in the incidents. Public gatherings, marches, demonstrations, speeches, and riotous behavior were banned by the authorities concerned in the three cities.

In Pegu, about 500 people, including students, demonstrated in front of the city's Party Office on 6 August. At the same time, more than 1,000 people rallied to meet in

front of the No 3 State High School. Police fired shots to warn the people. But as the demonstrating mobs confronted the police, 3 people were killed and 18 others received injuries.

In Yenangyaung, over 2,000 people demonstrated in the afternoon of 6 August. Police fired at the people to disperse the mobs, and one person was injured. At night, over 500 people (?surrounded and stoned) the Yenangyaung Police Station.

During the demonstrations staged in Thanatpin, the demonstrators clashed with the police. Two persons were killed and one was wounded in the clashes.

According to the estimation by Western diplomatic sources, at least 100 people have been killed in the recent protests.

Yunnan's Zhu Kui Meets Burmese Prime Minister
BK0608124988 Beijing International Service
in Burmese 1130 GMT 6 Aug 88

[Text] New Burmese Prime Minister U Tun Tin received Zhu Kui, vice governor of Yunnan Province, in Rangoon yesterday. At the meeting, U Tun Tin said that relations between Burma and China are always friendly and close like the relations among paupaw [kindred] and that the bilateral trade at the border is expected to further develop friendly relations and boost bilateral economic relations and cooperation.

Agreement Signed, Trip Ends
OW0708144288 Beijing XINHUA in English
1400 GMT 7 Aug

[Text] Rangoon, August 7 (XINHUA)—A Chinese delegation, headed by Zhu Kui, vice-governor of Yunnan Province, left here this afternoon for home.

The nine-member Chinese delegation, which arrived here on July 27, had discussions with Burmese officials on border trade.

On August 5, an agreement was signed here for sale and purchase of goods between Myanma (Burma) Export Import Corporation and Yunnan Provincial Import Export Corporation of China. [Beijing XINHUA in English at 1416 GMT on 5 August, in its report on the delegation's meeting with U Tun Tin, adds the following: "Under the agreement, sales and purchases of goods will be carried out between the border area of Mu-se in Burma and Shweli in China.

"To promote border trade, a banking arrangement was also signed here this morning between the Kunming branch of Bank of China and the Myanma (Burma) Foreign Trade Bank.

"It is learned that border trade between China and CPA [as received] will begin in October this year."

Burmese Prime Minister U Tun Tin received Zhu Kui, who was the first foreign visitor the prime minister had met since he came to office.

Some members of the delegation will stay behind till next Wednesday to continue their trade discussions with the Burmese side.

Vietnamese Role in Cambodian Talks Analyzed

*OW0708120488 Beijing International Service
in English to North America 0300 GMT 1 Aug 88*

[(Xiao Yong) analysis]

[Text] For the first time, the four factions of Kampuchea and Vietnam have met in Indonesia trying to negotiate a political solution to the Kampuchean issue. However, the 4-day meeting ended without anything substantial. Here is (Xiao Yong) with an analysis.

Except a decision to set up a working group, the meeting revealed wide differences between opposite parties. Vietnam stuck to its previous stand and attacked the Kampuchean resistance forces and ASEAN countries by taking advantage of a public desire for an early settlement of the Kampuchean problem.

The international community has always demanded that Vietnam pull out of Kampuchea as quickly as possible so as to resolve the problem politically. This demand has become even stronger after the Soviet Union began to withdraw its troops from Afghanistan.

Under this pressure from the world community as well as from economic difficulties at home, Vietnam expressed its willingness to consider troop withdrawal from Kampuchea.

At the recent Jakarta meeting, Vietnam Foreign Minister Nguyen Co Thach held three press conferences and the leader of the Vietnam-backed Phnom Penh regime Hun Sen put forward a seven-point proposal.

Observers said the proposal shows neither new ideas nor sincerity. Vietnam still refuses to give a timetable for the withdrawal of its troops. They still insist that the Democratic Kampuchean side be removed from the coalition government and its armed forces disarmed. And they still demand that the status quo of Kampuchea be maintained before a national election.

The proposal of the Hanoi and Phnom Penh authorities was promptly rejected by the three parties of the coalition government of Democratic Kampuchea. Prince Norodom Sihanouk pointed out that Hanoi and Phnom Penh are playing the same old tunes and their intention is to maintain the present Phnom Penh regime.

At the meeting, Vietnam also tried to link the issue of Vietnamese troop withdrawal with preventing the Democratic Kampuchea side from coming back to power. But

Vietnam's plot was not very successful. The prime minister of the Coalition Government of Democratic Kampuchea, Son Sann, pointed out that the Kampuchean problem has only one key and that is the total withdrawal of the Vietnamese troops from Kampuchea to bring about national reconciliation among all Kampucheans.

Thatcher Calls for UN, PRC Roles in Cambodia

Meets Malaysian Leader

*OW0708022588 Beijing XINHUA in English
1456 GMT 6 Aug 88*

[Text] Beijing, August 6 (XINHUA)—British Prime Minister Margaret Thatcher said today that the United Nations and China could play an important role in securing a peaceful solution to the Kampuchea issue, according to reports from Kuala Lumpur.

"It is generally felt that (Kampuchean peace) matters in the first instance should be taken through the United Nations," the Associated Press (AP) quoted Thatcher as saying at a press conference after two hours of talks with Malaysian Prime Minister Mahathir Mohamad in Kuala Lumpur.

She said China, which supports the Kampuchean resistance force, could play an active role in the peace process because of its membership in the U.N. Security Council.

"Of course there is a long way for it (the peace process) to go," Thatcher said.

Thatcher also said she could find out more about chances for peace in Kampuchea when she meets with Kampuchean resistance leader Samdech Norodom Sihanouk at a refugee camp in Thailand today, according to the AP report. Thatcher will fly to Bangkok later in the day.

Thatcher and Mahathir also discussed items relating to defense, bilateral trade, and economic issues, as well as the commonwealth summit meeting scheduled for next fall in Malaysia, the report said.

Received by Prem Tinsulanon

*OW0808113588 Beijing XINHUA in English
1013 GMT 8 Aug 88*

[Text] Bangkok, August 8 (XINHUA)—Prem Tinsulanon, caretaker prime minister of Thailand, met at his office this morning the visiting British Prime Minister Margaret Thatcher, the two leaders exchanged views on Indo-Chinese refugees and bilateral relations.

Thai Prime Minister Designate Chatchai Chunhawan was present on the occasion.

Speaking to reporters after the meeting, Foreign Minister of the caretaker Thai cabinet Sitthi Sawetsila said, "The two sides have no objections to Kampuchean refugees returning home. But there is the problem of security in their returning."

The two sides believed, Sitthi added, "that the refugees can go home only after the four Kampuchean factions have reached agreement on a political solution of the Kampuchea problem and a complete withdrawal of Vietnamese troops from Kampuchea."

On Vietnamese refugees leaving their country by sea, Sitthi said, Prem told Mrs Thatcher that members of the Association of Southeast Asian Nations (ASEAN) hope that an international meeting, to be attended by Vietnam, like the one held in 1979, will be convened to discuss the problem.

Mrs Thatcher was in favor of convening such a meeting, he said.

The British prime minister also promised that her country, as a permanent member of the United Nations Security Council, will help to solve the problem of Kampuchea as quickly as possible, Sitthi said.

On bilateral relations, Prem expressed the hope that the two countries will further strengthen their ties in trade and investment.

Mrs. Thatcher arrived in Thailand on August 6 and met Samdech Norodom Sihanouk yesterday at a Kampuchean refugee camp near the Thai-Kampuchean border.

Sihanouk Visits Thailand, Japan

Will Meet Thatcher

OW0508145588 Beijing XINHUA in English
1416 GMT 5 Aug 88

[Text] Bangkok, August 5 (XINHUA)—Samdech Norodom Sihanouk arrived here this evening for a two-day private visit to Thailand.

He was whisked away from the airport terminal without meeting reporters.

Officials of the personal office of Sihanouk here disclosed that the Samdech will visit the Kampuchean refugee camp in Thailand's northeastern province of Surin, where he is expected to meet British Prime Minister Margaret Thatcher.

Mrs. Thatcher is scheduled to arrive here tomorrow afternoon for a three-day official visit as guest of the Thai Government.

British Ambassador to Thailand Derek Tonkin told reporters yesterday that Mrs. Thatcher will hand over part of the United Kingdom's annual bilateral humanitarian aid to the Kampuchean displaced persons.

Meets Japan's Uno

OW0808085088 Beijing XINHUA in English
0631 GMT 8 Aug 88

[Text] Tokyo, August 8 (XINHUA)—Samdech Norodom Sihanouk arrived here this morning on an eight-day visit to Japan at the invitation of the Japanese Government.

Soon after his arrival, Sihanouk said he hoped that his talks with Japanese officials would help establish a "true independent, sovereign and non-aligned Kampuchea" at a meeting with Japanese Foreign Minister Sosuke Uno, according to the Jiji News Agency.

Uno said Japan would do its best for the effort. He emphasized the Japanese Government's full support to Sihanouk's efforts for a peaceful solution to the Kampuchean problem.

Sihanouk is scheduled to meet with Japanese Prime Minister Noboru Takeshita for talks on political settlement to the nine-year-long conflict in Kampuchea.

The 65-year-old former head of state of Kampuchea resigned last month as leader of the Coalition Government of Democratic Kampuchea fighting against the Vietnam-installed Heng Samrin regime in Phnom Penh.

During his stay in Japan, Sihanouk is expected to meet former Prime Minister Yasuhiro Nakasone and Liberal Democratic Party Secretary General Shintaro Abe.

Hong Kong Delegation Returns From Hanoi Talks

OW0708060788 Beijing XINHUA in English
0026 GMT 7 Aug 88

[Text] Hong Kong, August 7 (XINHUA)—Hong Kong delegation has made absolutely no commitment on Hong Kong's provision of financial aid to Vietnam, said a delegation leader here Saturday after returning from their Hanoi talks over the Vietnamese boat people issue.

Richard Clift, also political adviser of Hong Kong, told reporters at the airport that "we were able to make very clear our view that if there is to be a solution to this problem, it must cover all those who are screened out as illegal immigrants since the June 16 policy came into effect."

"We do attach a lot of importance to this because this is established international practice—that illegal immigrants arriving in one country or territory should go back to their country of origin," he said.

He said that during the talks the Vietnamese side raised the question of the possibility of resettlement assistance in association with repatriation, but it was not gone into in detail.

The Hong Kong delegation has made no commitment on this, he added.

Local press reported that the Hong Kong-Vietnam talks, with British representatives attending on the Hong Kong side, had reached little agreement beside exchanging each other's terms and conditions and planning for more talks. The Hanoi side persisted on repatriating be carried out on voluntary basis.

But Clift said, "we achieved just about what we expected to achieve, certainly as good as we expected for a first contact."

According to Geoffrey Barnes, the secretary for security and a member of the Hong Kong delegation, a small group of less than 20 voluntary returnees will be returned to Vietnam soon, and they will be dealt with according to internationally recognized practice, he said.

Son Sann Calls for Pressure on Hanoi
OW0708143988 Beijing XINHUA in English
1402 GMT 7 Aug 88

[Text] Beijing, August 7 (XINHUA)—The international community should continue to pressure Vietnam into withdrawing from Kampuchea, Son Sann, prime minister of the Coalition Government of Democratic Kampuchea, said today in Bandar Seri Begawan, Brunei.

Sonn San said on Radio television Brunei that he would like the Association of Southeast Asian Nations (ASEAN) and the five permanent members of the U.N. Security Council to act as guarantors of a Kampuchean peace agreement, according to an ASSOCIATED PRESS report from Kuala Lumpur.

The prime minister also said at the end of his five-day visit that he is glad a working group consisting of all four Kampuchean political groups will be set up to seek a negotiated withdrawal of Vietnamese troops from Kampuchea, according to the Malaysian news agency BERNAMA.

Brunei is a member of ASEAN along with Thailand, the Philippines, Indonesia, Malaysia and Singapore. The permanent U.N. Security Council members are the United States, the Soviet Union, Britain, China and France.

Further SRV Accusations Against U.S. Reported
OW0708124188 Beijing XINHUA in English
1125 GMT 7 Aug 88

[Text] Hanoi, August 7 (XINHUA)—Vietnam today accused the United States again of "creating obstacles" to the solution of the American "missing personnel" in Vietnam, insisting the U.S. "shoulder the responsibility" on this issue.

The Vietnamese official newspaper NHAN DAN said in a commentary today that Vietnam recently made a decision to suspend the Vietnamese-U.S. joint excavation of

some remains of American personnel who went missing during the Vietnam war. Some responsible officials in the U.S. Administration "attempted" to shift blame onto Vietnam, the paper said.

The talks on U.S.-Vietnamese relations by some officials from the U.S. State Department showed that they explained the Vietnamese action as an attempt to "press the United States," the commentary said. As a matter of fact, the commentary claimed, it is the U.S. that is still carrying out the policy of "isolating" Vietnam and taking a hostile stance towards Vietnam.

If it wants to solve the problem early, the commentary said, the U.S. must "discard the hostile policy" and strictly abide by the relevant agreements on "missing personnel" agreed upon by the two sides.

This was the third response by Hanoi to Washington's Vietnamese policy in the past two weeks. Earlier, the Vietnamese Foreign Ministry and press successively made similar charges against the United States.

However, the U.S. Administration held firm on the position that U.S.-Vietnamese relations will not be normalized unless Hanoi completely pulls its occupation troops out of Kampuchea. Observers here maintain that Vietnam is obviously angry at the U.S. position.

Vietnam Shells Thai Villages, Refugee Camp
OW0608065788 Beijing XINHUA in English
0601 GMT 6 Aug 88

[Text] Bangkok, August 6 (XINHUA)—Two Kampuchean refugees were wounded by shrapnel when Vietnamese gunners fired four artillery shells into the Site B Border Camp in Thailand's northeastern province of Surin yesterday, the "BANGKOK POST" reported today.

Site B, 70 kilometres south of the district town of Aranyaprathet, was struck at 6 a.m. during a fierce clash between National Army soldiers and Vietnamese-Heng Samrin forces.

Two other shells smashed into a forest outside the camp, home to some 35,000 civilians.

Fighting died down at 10 a.m. and relief workers entered the camp with water and food supplies and took the injured Kampuchea refugees to Khao-Dang Field Hospital.

'Major' Clash in Border Area
OW0708123088 Beijing XINHUA in English
0650 GMT 7 Aug 88

[Text] Bangkok, August 7 (XINHUA)—Vietnamese troops in Kampuchea shelled border villages in eastern Thailand yesterday evening, local press reported today.

Local press said that about 20 rounds of artillery shells fired by Vietnamese troops slammed into fields in Ban Non Saoeh, Klong Nam Sai and Ban Mai Pak Hong villages, south of the city of Aranyaprathet in Prachin Buri Province.

As a result, a woman was injured and a house was damaged, local press said.

During the shelling by Vietnamese troops, Thai troops counter-approached using artillery, local press said.

Local press also said that clashes between the National Army of Democratic Kampuchea and Vietnamese troops continued throughout the week in the border areas of western Kampuchea. One of the major clashes was in the Phnom Malai area, formerly a mountain stronghold of the National Army of Democratic Kampuchea.

Laos Closes Thai Border Market, Violations Cited
OW0808093388 Beijing XINHUA in English
0556 GMT 8 Aug 88

[Text] Bangkok, August 8 (XINHUA)—The Laotian border authorities have closed the "Thai-Lao friendship market" in the border town of Had Saifong in Vientiane Province, according to a local press report today.

A senior official of the Had Saifong town opposite Thailand's border town of Nong Khai was quoted yesterday as saying that he had issued orders for the market to be closed indefinitely.

The border market is a temporary one. It opened in June this year to promote trade of non-strategic goods between people of the two countries living in the border area.

The decision of closure was taken in consultation with the Nong Khai authorities (of Thailand) as well as the Thai-Lao committee administering the market, the Laotian official said.

The reason for the closure, he said, was that traders from both sides were breaking the ban on strategic goods.

There are currently three official border passes—one in Nong Kai Province and two others in Mukdahan (Thailand)—which are officially opened for cross-border trade between the two countries.

Jia Shi Leads Trade Delegation to New Zealand
OW0708104988 Beijing XINHUA in English
0550 GMT 7 Aug 88

[Text] Wellington, August 7 (XINHUA)—A high-level Chinese trade delegation arrived in Wellington from Auckland, North Island, this morning to discuss further opportunities for bilateral trade with New Zealand Government officials and the business community.

The ten-member delegation, headed by Jia Shi, chairman of the China Council for the Promotion of International Trade (CCPIT), will meet with New Zealand Minister of Overseas Trade and Marketing Mike Moore, Minister of Trade and Industry David Caygill and Minister of Agriculture and Fisheries Colin Moyle.

The delegation will also attend tomorrow's opening ceremony of a major Chinese trade promotion exhibition mounted by the CCPIT.

Twenty-four Chinese trading corporations and tourism administrations will display at the exhibition a wide range of Chinese goods not currently available in New Zealand, such as electronics, light industrial goods, chemicals, medicines and health products, textiles and arts and crafts.

Since the two countries normalized their relations 16 years ago, bilateral trade has grown by nearly 80 times from 6.4 million New Zealand dollars (4.5 million U.S. dollars) to 510 million dollars (354.5 million U.S. dollars) in 1986-87, according to figures released by the Chinese Embassy. This represented a 63 percent increase over the previous year.

However, the trade flows are heavily in New Zealand's favor. Exports to China in 1986-87 totalled 425.3 million New Zealand dollars (259.6 million U.S. dollars)—principally wool, aluminium and pulp and paper—but imports, mainly textiles, amounted to just 84.7 Million N.Z. Dollars (58.9 million U.S. dollars).

China in 1986-87 ranked fifth among New Zealand's ten top export markets, next to the United States, Japan, Australia and Britain, and registered an 85.6 percent increase in terms of imports value against the previous year. China is now the largest buyer of New Zealand wool, one of the country's major exports.

The delegation arrived on August 1 in Christchurch, South Island, for a ten-day visit to the country.

Near East & South Asia

Joint Border Inspection Talks Held With Nepal

Group Meets Nepal Minister
OW0508184188 Beijing XINHUA in English
1454 GMT 5 Aug 88

[Text] Kathmandu, August 5 (XINHUA)—Nepalese Foreign Minister Shailendra Kumar Upadhyaya this afternoon met all members of the Chinese delegation who are here to attend the second session of the China-Nepal Joint Boundary Inspection Committee.

The minister expressed his satisfaction at the progress made by the two sides at the session.

He said relations between Nepal and China have been very good and China is the best friend of Nepal.

He hoped that the two countries will continue to develop the friendly relations unceasingly.

The Chinese delegation arrived here on July 31 to attend the session.

The boundary protocol was signed by the Chinese and Nepalese Governments in 1963. The two countries decided to make one joint boundary inspection every five years to consolidate and develop the friendly and good-neighborly relations.

The present meeting is to study the results of the work of the joint inspection teams, and to discuss tasks of the Joint Inspection Committee at the next stage.

Inspection Teams Complete Work
OW0708180388 Beijing XINHUA in English
1746 GMT 7 Aug 88

[Text] Kathmandu, August 7 (XINHUA)—The second session of the China-Nepal Second Joint Boundary Inspection Committee ended here this afternoon.

According to the notes of the meeting signed here today by the two delegations, the two sides dispatched five joint inspection teams for the on-spot inspection with the assigned tasks from May to June, this year. All the teams have successfully completed their tasks in the spirit of friendly consultation and sincere cooperation.

Both sides expressed satisfaction on the work of the joint inspection teams and reached full agreement on the work of the joint inspection at the next stage.

The joint work reports and relevant materials submitted by the joint inspection teams were examined and endorsed, the notes said.

The meeting also decided that the third session will be held in Beijing in November this year. It will examine and initial a protocol between the two governments based on the second joint inspection of the China-Nepal boundary.

The Chinese delegation led by Xu Guangjian, China's chief representative and deputy director of the Department of Treaty and Law of the Chinese Foreign Ministry, will leave here for home tomorrow.

Chinese, Pakistani Supreme Court Leaders Meet
OW0708142788 Beijing XINHUA in English
1345 GMT 7 Aug 88

[Text] Beijing, August 7 (XINHUA)—Ren Jianxin, president of China's Supreme People's Court, met and feted Muhammad Haleem, chief justice of the Pakistan Supreme Court, Mrs. Haleem and their party here this evening.

This is the first formal contact between the Supreme Courts of the two countries.

Both Ren and Haleem are expected to brief each other on the judicial work of their respective countries. Haleem showed his interest in China's mediation work in civil disputes.

U.S. To Provide Agricultural Aid to Pakistan
OW0508133688 Beijing XINHUA in English
0725 GMT 5 Aug 88

[Text] Islamabad, August 5 (XINHUA)—The United States has agreed to provide a grant of 110 million U.S. dollars to Pakistan for the import of wheat and development of its agriculture, according to official sources here today.

Under the agreement, 60 million U.S. dollars will be used to finance wheat imports and the rest for supporting reform program in the agricultural sector.

The wheat procured will help meet Pakistan's short-term requirements. Local currency generated by the sale of imported wheat will be programed to finance the country's overall development objectives in agriculture and other fields.

The United States will also provide technical assistance and training aimed at strengthening Pakistan's agricultural sector, especially in areas such as policy, planning, and agri-business development.

Pakistani Minister on U.S., USSR Visits
OW0608113988 Beijing XINHUA in English
1020 GMT 6 Aug 88

[Text] Islamabad, August 6 (XINHUA)—Foreign Minister Sahabzada Yaqub Khan said here today that the United States has assured of its solid support to Pakistan for strengthening the regional stability.

Speaking to reporters at the Islamabad airport upon his return from two-week-long visits to the United States and the Soviet Union, Yaqub Khan said that his wide-ranging meetings with U.S. leaders were held in traditional cordiality reflecting close relations between the two countries.

He said that during his meeting with Ronald Reagan, the U.S. President particularly referred to the historic achievements of Pakistan and the United States "in the cause of freedom in Afghanistan."

His visit to Washington, he noted, is a part of "our regular high level exchanges with the United States leadership" to strengthen the relations between the two countries as well as peace, security and well-being of the

Yah Khan said that he had a detailed and frank exchange of views with Soviet Foreign Minister Eduard Shevardnadze during his stay in Moscow.

He stated that Pakistan attaches great significance to the Geneva accord on Afghanistan and has been faithfully implementing it to ensure peace and stability in Afghanistan and facilitate safe and honorable return of refugees to their homeland.

He said that he also informed the Soviet foreign minister that the reports of the United Nations good offices mission for Afghanistan and Pakistan have confirmed that there have been no evidence to substantiate the allegations of shipment of arms to the Afghan resistance, no existence of training camps inside Pakistan and no restrictions placed on Afghan refugees to return home.

The Pakistan foreign minister stressed that it is widely recognized that the formation of a government acceptable to all Afghan factions, including the Afghan refugees and the Mujahidin (holy-war fighters), is the only way to ensure a ceasefire, maintain peace, prevent further bloodshed and encourage the voluntary and safe return of refugees to their homeland.

This, he said, is possible through the implementation of the Geneva agreement on Afghanistan.

Shevardnadze, Kabul Regime Leader Hold Talks
OW0708093388 Beijing XINHUA in English
0822 GMT 7 Aug 88

[Text] Islamabad, August 7 (XINHUA)—Soviet Foreign Minister Eduard Shevardnadze exchanged views with head of the Kabul regime Najibullah on issues of implementing the Geneva agreement on Afghanistan in the Afghan capital Kabul yesterday, according to reports reaching here today.

The reports said that they assessed the situation in Afghanistan and reviewed the policy of "national reconciliation" currently underway in that country.

However, no details of the talks between Shevardnadze and Najibullah have been disclosed.

Shevardnadze arrived in Kabul on August 4 without previous announcement.

Shevardnadze flew to Kabul a day after meeting Pakistan's Foreign Minister Sahabzada Yaqub Khan in Moscow.

During his talks with the Pakistan Foreign Minister, Shevardnadze reportedly accused Pakistan of failing to cease what he called "interference" in Afghanistan, charging that Pakistan Army units are continuing deliveries of arms and armed detachments to the Afghan resistance forces.

The Soviet foreign minister also claimed that Islamabad has not taken steps to help Afghan refugees and Soviet prisoners of war return home.

Yaqub Khan counterattacked the Soviet charges, saying that Pakistan has observed and will continue to abide by the Geneva accord on Afghanistan and that there is evidence that the Soviet Union and the Kabul regime have violated the accord.

Earlier, Pakistan had lodged strong protests with the Soviet-backed Kabul regime against the attacks by the Kabul air and ground forces.

According to official sources, since the Geneva agreement came into force on May 15, there have been more than 90 ground and 25 air violations of Pakistan's territory and air space by the Kabul regime.

Pakistani Official Views Afghanistan's Future
OW0708141888 Beijing XINHUA in English
1349 GMT 7 Aug 88

[Text] Islamabad, August 7 (XINHUA)—A Pakistan official today stressed the need for the establishment of a government in Afghanistan acceptable to all factions and said that the formation of such a government will pave the way for safe and honorable return of the Afghan refugees.

Addressing the inauguration ceremony of the building for the Afghan Refugee Commission in Peshawar, capital of Pakistan's Northwest Frontier Province, Provincial Chief Minister Fazle Haq said that although the formation of a broad-based government in Afghanistan is the prerogative of the Afghan people, the United Nations has to play its role in this connection.

He called on the United Nations, the United States, the Soviet Union and the entire world community to accelerate their efforts for the early establishment of a broad-based government in Afghanistan so as to bring an end to the bloodshed and restore peace in that country, which, he said, will enable the Afghan refugees to go back to their homeland with dignity and safety without any further delay.

The Pakistan Government, he noted, is prepared to extend every sort of help in this regard.

Fazle Haq reiterated that Pakistan will continue to provide assistance to Afghan refugees, saying that "no power can prevent us from helping our brethren" who have been subjected to atrocities in their homeland.

He also assured that the Pakistan people and government will play their role in the rehabilitation of the uprooted people in Afghanistan side by side with other international agencies.

More than five million Afghan people have been forced to seek shelter in Pakistan, Iran and some Western countries since the Soviet Union invaded Afghanistan in 1979.

Indian, Pakistani Troops Exchange Fire
OW0608122688 Beijing XINHUA in English
1151 GMT 6 Aug 88

[Text] New Delhi, August 6 (XINHUA)—Exchange of fire between Indian and Pakistan troops recently took place in the Siachen Glacier in North Kashmir, Indian Defense Minister K. C. Pant disclosed today.

Pant said at a press conference in Srinagar that Pakistan troops opened fire on Indian positions in the Siachen belt.

Pant said the incident took place some 12 to 15 days ago. The army commanders from both sides got in touch with each other on the phone soon after the incident and sorted out the matter.

Since then there has been no significant activity in the Siachen sector, he added.

The 5,486-meter high and 80-kilometer long disputed Siachen Glacier has been the scene of conflicts reportedly since April 1984 when Indian troops were sent there.

Both India and Pakistan claim that the glacier is in their respective territory.

Indian Minister Views Pakistani Nuclear Plans
OW0708011788 Beijing XINHUA in English
1507 GMT 6 Aug 88

[Text] New Delhi, August 6 (XINHUA)—Indian Minister of State for External Affairs N.D. Tiwari here today accused Pakistan of its "nuclear weapons program" which he described as "fitted into the global designs of the United States."

"We are clear in our mind that Pakistan is fully capable of manufacturing a nuclear bomb—this is a definite threat to our security", Tiwari told a group of intellectuals, scholars and diplomats at the inauguration of a two-day seminar on "recent trends in Pakistan and its nuclear capability."

India, Tiwari said, has exercised "restraint" in its nuclear program, reiterating his government's commitment to peaceful uses of nuclear energy.

He said that Pakistan has been told that any acquisition of nuclear weapons by it "would completely change our security environment and force us to review our options."

"U.S.A., if they wanted peace, could have prevented Pakistan from going nuclear", he added.

Pakistan has declared that its nuclear endeavor is solely for peaceful purpose while pointing out that India exploded its first nuclear device in 1974.

'Jottings' on 'Stupid Move' by Israel's Shamir
HK0708082688 Beijing RENMIN RIBAO in Chinese
3 Aug 88 p 6

["International Jottings" by Yue Lin (2588 7207): "Shamir's Affected Manner"]

[Text] It is not strange at all that there are always two different views about one thing. However, it is really surprising that Israeli Prime Minister Shamir welcomed Jordan's recent move to sever its legal and administrative relations with the area on the western banks of the Jordan River, which is now under Israel's occupation.

King Husayn explained that the aim of the move is to satisfy the "PLO desire" that once the area of Palestine, which is now under Israeli occupation, is liberated, an independent Palestinian state can be established there; at present, the move is aimed at "promoting a direct negotiation between the United States and Israel and the PLO on the issue of the occupied territory." This clearly means that the PLO may go all out to fight against Israeli aggressors so as to free and liberate the occupied territory. Nevertheless, Shamir maintains that the decision made by King Husayn indicates that "he has given up his hope for the withdrawal of Israel from the area." He really aims at the south while driving the chariot northward. People do not understand whether Shamir misconceives the point or plays the fool.

For a long time King Husayn has said: Jordan will not give up its support for the struggle of the Palestinian people until they attain their national objective. Jordan has carried its word to fruition. So how can it mean that Israel has been given tacit consent for its continuous occupation of the western banks of the Jordan River?

To put it bluntly, Shamir is not a blunderer but an old coot. However, the people's struggle against violence in the occupied area has lasted almost 9 months. This has made him desperate and led him to a pretty dance. Consequently, he did not hesitate to make such a stupid move. He distorted King Husayn's real intention and created a false impression that Jordan has given up its support for the struggle of the Palestinian people in an attempt to weaken the fighting will of the Palestinian people and fulfill his scheme of perpetuating Israel's occupation of Arab territory. This is, of course, a wishful thinking.

However, Shamir's performance is not unusual and people can thus see that he is at the end of his rope.

Sub-Saharan Africa

'Commentary' Views African Peace Prospects
OW0508225288 Beijing XINHUA in English
1541 GMT 5 Aug 88

["Commentary: Peaceful Settlement in Southern Africa Seems Hopeful but Hard-Got" (by Guan Yunqiu)—XINHUA headline]

[Text] Beijing, August 5 (XINHUA)—Negotiations on ending the 13-year-old Angola civil war and securing Namibia's independence are gaining momentum, although major differences have yet to be narrowed.

Since May of this year, Angola, Cuba, South Africa and the United States have held five rounds of publicly-announced bilateral, tripartite, or four-party peace talks, in addition to frequent unannounced communications related to the search for peace. The participants maintain that although no fundamental breakthrough has been made, some progress toward a final settlement has resulted from each of the talks. It seems that the peace process in southern Africa is moving forward inch by inch.

South Africa's occupation of Namibia in defiance of the related U.N. resolutions which call for South Africa's withdrawal from and an early independence for the territory, South Africa's aggression against African frontline states, Angola in particular, and the Cuban military presence in Angola, are major problems leading to a long-standing military confrontation, largely between South Africa and Angola.

The fact that the rivals have finally come to the negotiating table to seek a political settlement acceptable to all parties concerned, signals a turning point in the development of the southern African situation.

The talks in New York on July 20, produced a first ever joint document in which Angola, Cuba and South Africa accepted a set of 14 "principles" as a framework for a settlement. Under the accord, Cuba and South Africa will pull their troops out of Angola, and Namibia will be granted independence from South Africa. The positive outcome mirrored the willingness of all the concerned parties to continue their bargaining.

The on-going fifth round of talks in Geneva has focused on the timetables for the withdrawal of Cuban and South African troops, and for Namibia's independence.

In the Geneva talks, South Africa proposed a cease-fire in the Angola war, beginning on August 10. It also said that if the cease-fire offer is accepted, South Africa will withdraw

its estimated 3,000 troops from southern Angola by September 1. Two months later South Africa will begin to withdraw its forces from Namibia. South Africa's proposal envisages elections in Namibia on June 1, 1989.

South Africa said its offer was on condition that Cuba withdraws its estimated 50,000 troops which help the Angolan Government fight against anti-government rebels backed by South Africa and the United States.

Angolan and Cuban delegations have turned down South Africa's proposal, dismissing it as unacceptable and unrealistic.

Earlier U.S. mission spokesman Art Skop said that "the negotiations are on track and the full agenda of issues is under discussion." The United States is a mediator in the peace talks.

The controversy stemming from South Africa's announcement of its new proposals had not derailed the negotiations.

The shifting from military confrontation to peaceful negotiations, reaching a principle agreement, and the discussion of a concrete formula for a troop withdrawal, are welcomed steps in the peace process and have set a foundation for a final solution to the southern African conflicts.

The peace talks and the final peace in southern Africa will be favorable to stability and the national construction in the region. The military confrontation has led to suffering on both sides, and an end to the fighting will be beneficial to both sides.

It was reported that in the past 13 years South Africa has spent about 30 billion U.S. dollars in its war against Angola and other countries in the region. The war has inflicted on Angola a four billion dollar loss. 100,000 Angolans have been left dead. In the same period the loss for the frontline states totalled about 12 billion dollars.

The fact that neither Angola, Cuba, nor South Africa has become a winner in the war, has demonstrated that the southern African problem can not be resolved by military confrontation, and that a settlement will be reached only by negotiations.

Some progress has been made but the principal sides in the [words indistinct].

Cuban President Fidel Castro said "we are now on the threshold of a political settlement."

South African Foreign Minister Pik Botha said that the belligerent parties have gone a long way but still remain "at the foot of a hill," and more rough and dangerous ground lies ahead.

The Soviet Union described progress in the talks as "a light in the tunnel".

A U.S. spokesman said a real reciprocal compromise must be offered if people want to settle the problem.

Vice Minister, Trade Group End Zimbabwe Visit
OW0708041888 Beijing XINHUA in English
1809 GMT 6 Aug 88

[Text] Harare, August 6 (XINHUA)—The Chinese Government economic and trade delegation headed by Lu Xuejian, vice-minister of Foreign Economic Relations and Trade, left here for home today after attending the second session of Chinese-Zimbabwean Joint Commission.

Together with their Zimbabwe counterparts, the Chinese delegation reviewed the economic and trade relations between the two countries and explored into the possibilities for further cooperation. The two sides were satisfied with the development in the economic and trade relations between the two countries and signed a summary of the meeting of the Chinese-Zimbabwean Joint Commission for Economic, Technical and Trade Co-operation.

Bernard Chidzero, senior minister in the president's office and minister of Finance, Economic Planning and Development, met with the Chinese delegation.

Fujian Trade Group Wraps Up Visit to Somalia
OW0708152688 Beijing XINHUA in English
1343 GMT 7 Aug 88

[Text] Mogadishu, August 7 (XINHUA)—The light industrial economic and trade group from China's Fujian Province left here for home today after its two-week visit to Somalia.

During its stay here, the group had wide discussions with corporations of the Somali Government and private sectors on promoting the economic and trade cooperation between the two countries. The group also signed some agreements with Somali businessmen on exporting China's light industrial products to Somalia.

During the discussion, Somali Minister of Commerce and Industry Hussein Abdullah Alasow [title as received] stressed the cooperation between Somalia and China, particularly in the fields of commerce and industry.

He explained Somalia's industrialization policy to the Chinese guests, saying it was necessary to strengthen cooperation between the two countries by exchanging experiences, techniques and expertise.

Chinese Worker Killed by Thieves in Somalia
OW0708182588 Beijing XINHUA in English
1749 GMT 7 Aug 88

[Text] Mogadishu, August 7 (XINHUA)—A Chinese technician working in Somalia was killed early yesterday morning while struggling to protect national public property. He was buried here this afternoon.

Gao Chenfeng, 48, a repairman of the Mogadishu office of the China Sichuan Corporation for International Techno-Economic Cooperation (SIETCO), was killed while trying to overwhelm thieves who sneaked into the repairing section of the corporation.

About 150 Chinese paid last tribute to the late Chinese technician at the burial ceremony this afternoon.

Police Commander of Benadir Region Brigadier General Abdulla attended the burial ceremony, saying that the police would do their best to clear up the case and catch the criminals.

Officials of the Somali Foreign Ministry expressed to the Chinese diplomats here this morning their deep regret for the unfortunate incident.

Many Chinese technicians working here expressed their hope that the Somali Government should learn lessons from the incident and take measures to ensure the safety of the Chinese in the country so that they could do more for the economic development of Somalia.

East Europe

CPC's Zhu Liang Hosts Polish Party Members
OW0708155488 Beijing XINHUA in English
1456 GMT 7 Aug 88

[Text] Beijing, August 7 (XINHUA)—Zhu Liang, head of the International Liaison Department of the Chinese Communist Party Central Committee, gave a dinner in honor of Zofia Stepień and Gabriela Rembisz, member and alternate member of the Political Bureau of the Central Committee of the Polish United Workers' Party, and their entourage here this evening.

Prior to the dinner, they gave an account of situation in their respective countries' reform.

The Polish visitors, who arrived here from Pyongyang by train this morning, will tour places of historical interest here.

CPC Group Begins 'Friendship' Tour of Hungary
OW0708155388 Beijing XINHUA in English
1450 GMT 7 Aug 88

[Text] Beijing, August 7 (XINHUA)—A Chinese Communist Party (CPC) workers' delegation left here by air this evening for a friendship visit to Hungary at the invitation of the Hungarian Socialist Workers' Party.

The delegation is led by Xiao Ke, member of the Standing Committee of the Central Advisory Commission of the CPC.

They were seen off at the airport by Li Lian, secretary general of the Central Advisory Commission of the CPC, Zhu Liang, head of the International Liaison Department of the CPC Central Committee, and Lajos Hajdu, charge d'affaires ad interim of the Hungarian Embassy here.

Gas Explosion Kills 44 Coal Miners in Gansu
OW0608084288 Beijing XINHUA in English
0757 GMT 6 Aug 88

[Text] Lanzhou, August 6 (XINHUA)—A gas explosion killed 44 miners on Friday morning at the Xipo coal mine in Liandan County, Gansu Province, mine officials said today.

Four miners were rescued, they said, adding that rescue operation is going on.

The cause for the explosion is being investigated.

Latin America & Caribbean

'Snag' in Central American Peace Plan Viewed
HK0708084688 Beijing RENMIN RIBAO in Chinese
3 Aug 88 p 6

[Article by RENMIN RIBAO reporter Guo Weicheng (6753 0251 2052): "The Central American Peace Process Again Hits Snag"]

[Text] U.S. Secretary of State Shultz arrived in Central America on 1 August for the second time within a month to carry out multilateral talks with Guatemala, Costa Rica, Honduras, and El Salvador. It seems that the conference of the heads of five Central American states, which will be held on 7 August to mark the first anniversary of the Central American peace accord, cannot be convened on schedule. Honduras has already stated that it is "not interested" in the summit conference. The peace process in Central America, which has struck a snag, has aroused the attention of the Latin American countries. The Mexican Government issued a statement, urging the five Central American states to earnestly carry out the commitments of the peace accord and "independently and comprehensively examine" the peace process in Central America. Nicaragua requested that the UN Secretary General meddle in the examination of the peace process.

Impelled by public opinion in the Latin American countries, the president of five Central American states signed a peace accord last August, seeking common ground while reserving differences, which brought a gleam of hope to turbulent Central America. The governments of El Salvador and Guatemala held negotiations with the guerrilla forces, while Nicaragua improved its relations with the neighboring countries and reached a cease-fire agreement through senior-level talks held with the antigovernment armed forces. However, momentum favorable to the peace process has suffered setbacks. El Salvador did not achieve peace within the country. Honduras failed to carry out the commitments and continued to make use of its territory to support the Nicaraguan antigovernment armed forces. The peace process in Nicaragua—the focus of the conflict in Central America—that started after the cease-fire in March this year was suspended not long afterwards. According to a senior official of the antigovernment armed forces, the U.S. Government "urged the antigovernment armed forces to return to the negotiating table after increasing their strength." Although President Reagan stated that the United States will resume bilateral talks with the Nicaraguan Government as long as talks are held between the government and the antigovernment armed forces, the United States did not keep its word after five rounds of senior-level talks held between the two parties in Nicaragua, but directly meddled in the internal affairs of Nicaragua instead. Moreover, confrontation has been further intensified among the Central American states, mainly between Nicaragua on the one hand and Honduras and El Salvador on the other. Nicaragua once again accused Honduras at the International Court, while Honduras asserted that it will not carry out the "commitments" of examining the peace process when the charges against it are not withdrawn. The confrontation between the government and the opposition parties in Nicaragua has not only suspended the political dialogue, but also increased the difficulties in peace talks, thanks to the upper hand gained by the pro-U.S. hardliners within the antigovernment armed forces. It seems that the peace process has reached a standstill.

Why has the Central American peace process reached a standstill? Public opinion here holds that: First, the five Central American states still lack the necessary political aspirations. Nicaragua recently appealed to the Contadora Group and the Lima Group to resume their mediation in and examination of peace in Central America. Second, there has been interference by external forces in Central America. The Mexican Government explicitly pointed out in a statement that normalization of relations between the United States and Nicaragua is the prerequisite to realize detente in Central America. Mexico is against the interference of external forces in Central America. Viewed by the fact that Shultz visited Central America twice within a month, the United States is trying to further isolate Nicaragua politically and diplomatically. Meanwhile, the U.S. Congress is again discussing aid to the Nicaraguan antigovernment armed forces. According to public opinion in Mexico: "The

purpose of U.S. diplomatic policy towards Central America is to weaken the Sandinista government in Nicaragua and the people's revolutionary movement in Guatemala and to consolidate its military bases in the Panama Canal zone and within Honduras." Hence, it is quite obvious where the main obstacle to realization of peace in Central America lies.

The public has noticed that Shultz had not paid a visit to Central America since 1986. His two visits to the area within a month shows that the United States has paid attention to the situation in Central America. In a sense, the purpose of the Shultz visit is to reiterate the continuity of U.S. policy towards Central America and secure the position of its allies there. However, Shultz failed to reach unanimity with U.S. allies on "besieging" Nicaragua. This indicates that the policy of the United States towards Central America has gained limited support even from its "allies." It should be noted that the predicament in the Central American peace process is temporary. There will be a favorable turn sooner or later because the countries in Latin America and Central America want peace and progress.

'Roundup' on Shultz Visit to Argentina
HK0808075988 Beijing RENMIN RIBAO
in Chinese 6 Aug 88 p 6

["Roundup" by RENMIN RIBAO reporter Li Zhiming (2621 1807 2494): "Shultz Visit and U.S.-Argentine Relations"]

[Text] Buenos Aires, 4 Aug—U.S. Secretary of State Shultz concluded his 2-day official visit to Argentina on 4 August. During the visit, Shultz and President Alfonsín exchanged views on practical world and Latin American problems and reached a common understanding on a number of issues. At the banquet given in honor of Shultz, Argentine Foreign Relations and Worship Minister Caputo gave a positive appraisal of the Shultz visit, saying that the U.S. Government offered vigorous support when the democratic system in Argentina was menaced, showed understanding for Argentina's financial difficulties, and maintained frequent and frank dialogue on the relations between the two countries.

The public has noticed that current Argentine-U.S. relations include the following: On the one hand, Argentina attaches great importance to its relations with the United States. Like a number of other Latin American countries,

Argentina is now confronted with the two major problems of debt and democratization. The United States has a great political and economic influence in Latin America and is also Latin America's largest creditor nation. The Latin American countries have to look to the United States for help on debt issues and in maintaining political stability. This constitutes the essential trend of Argentina's relations with the United States. On the other hand, the Latin American people have a strong aversion to U.S. policy towards Latin America, Central America in particular, and there is a tendency for the Latin American countries to maintain a separate stance from the United States. Hence, Argentina pursues an independent foreign policy. It is not in favor of U.S. policy toward the Middle East and South Africa. Furthermore, it has bluntly condemned the United States for interfering in the Central American issue.

The Reagan administration recently readjusted its policy toward Latin America in an attempt to maintain its special influence in the region. Argentina is a big country in South America which has a considerable influence among Latin American countries. After the Falklands War, the relations between Argentina and the United States remained cold for some time. When the Alfonsín government assumed office, however, both sides made concerted efforts to improve relations. Regarding the debt issue, the U.S. Government gave special consideration to Argentina and exerted influence on private banks. As a result, Argentina reached a favorable agreement with the creditor banks on rearranging its foreign debts. When Argentina encountered difficulties in repaying the debts in February this year, the United States granted a \$500 million emergency loan. Another loan of a similar amount is now under consultation. To untie the knot caused by the United States showing partiality to Britain during the Falklands War, the United States has repeatedly stated its willingness to serve as a messenger to bring about reconciliation between Argentina and Britain. Recently the United States also resumed arms supply to Argentina.

The Argentine Government has repeatedly said that the current period is the best ever in its relations with the United States. However, Argentina adopts a different position from the United States on a number of international issues. The Shultz visit can be regarded as a summary of the relations between the two countries. No matter how the governments of the two countries change in the future, no drastic changes will be effected in the close or distant relations between Argentina and the United States.

Leaders Resume Beidaihe Meetings in Early August
OW0808014988 Shanghai City Service in Mandarin
0900 GMT 7 Aug 88

[Text] China's top party and government leaders began to hold the annual summer work meeting [xia ji ban gong hui yi] in Beidaihe in early August, according to the latest issue of SHIJIE JINGJI DAobao.

The report says: The main agenda of the work meeting convened by the Political Bureau of the CPC Central Committee and the State Council is to discuss and draw up an overall plan for price and wage reforms.

The international media have regarded Beidaihe as a place of origin of China's first round of reform. Price and wage reforms are considered a major difficulty in China's reform. Deng Xiaoping, Zhao Ziyang, Li Peng, and other Chinese leaders have recently expressed over and over again their determination to forge ahead courageously to overcome the difficulty. General Secretary Zhao Ziyang recently stressed the need to clarify the viewpoint that the success of price reform hinges on deepening the reform as a whole and that it is very difficult to achieve the expected goal of price reform without deepening the overall reform and taking coordinated, supplementary steps.

Hu Qili, Other Leaders Meet Teachers in Beidaihe
OW0808175688 Beijing XINHUA Domestic Service
in Chinese 1312 GMT 5 Aug 88

[By reporter Wu Huijing]

[Excerpts] Beijing, 5 Aug (XINHUA)—This afternoon, party and state leaders Hu Qili, Wang Zhen, Li Tieying, Rui Xingwen, Xi Zhongxun, Fang Yi, and Kang Keqing came to the Education Workers' Activity Center, a resort in Beidaihe operated by the State Education Commission, to visit the outstanding teachers coming from various parts of the country to take part in the summer camp activities there.

Talking to the teachers, Wang Zhen, vice president of the state and president of the China Foundation for Secondary, Primary and Kindergarten Teachers, said: We are very glad to be able to meet you, young engineers of souls of the People's Republic of China. Comrade Deng Xiaoping pointed out that education should gear to the needs of modernization, the world, and the future. Teachers are "gardeners" who cultivate people of the younger generation, and their profession is the most honorable one. Please accept my cordial regards.

On behalf of Premier Li Peng and the State Education Commission, Li Tieying, state councillor and minister in charge of the commission, also extended his cordial regards to the teachers. He said: Teachers are the most respected people. Today the party and the state attach great importance to education. While the general situation of education is good, we must also realize that the

nation's education development still has many acute problems. The biggest problems are: educational development is still unable to keep pace with reform, the educational system is still unable to keep pace with the development of commodity economy, and teachers' pay is still too low. The central authorities are aware of these problems and are studying ways to deal with them. We are sure that these problems will be resolved. As teachers, you have on your shoulders the great responsibility of revitalizing China, and I am sure you will live up to the expectations of the party and the people. [passage omitted on teacher's remarks]

He Dongchang and Liu Bin, vice ministers in charge of the State Education Commission, were with the central leading comrades during the visit. [passage omitted on teachers attending Beidaihe summer camp]

Elite Antiterrorist Units To Control Unrest
HK0808023888 Hong Kong AFP in English
0227 GMT 8 Aug 88

[Text] Beijing, Aug 8 (AFP)—China, with the help of some European police forces, has set up its first elite units to fight terrorism and civil unrest, Western diplomats here said.

The first of the units have completed intensive training in the West and are now operational, they said.

They said China cooperated particularly closely with Austria and Poland.

Vienna has offered the help of its anti-terrorist units, considered among the best in the world, the diplomats said.

Eastern European sources added that Chinese police were particularly interested by their Polish counterparts' expertise in riot control.

China has been spared any large-scale terrorism so far, but Beijing fears there could be an increase in demonstrations, riots, strikes and sabotage as a result of social and economic upheavals, informed sources said.

Several Chinese squads have undergone training in Austria for periods ranging from a few weeks to two months after Austrian Interior Minister Karl Blecha's visit here in 1986, diplomats said.

Austrian experts have also visited China to teach Chinese intelligence officials to screen and analyze incoming intelligence data, they said.

China sent a delegation to take part in demonstrations in June near Vienna of anti-terrorism techniques to mark the 10th anniversary of Austria's COBRA unit.

Only four of the 15 teams taking part in the demonstrations were from socialist countries.

"The first (Chinese) units are already operational," one diplomat said. "The Chinese are good at physical combat. They combine Western techniques with their own, which are formidable. But they still need to work on coordination and logistics."

The Chinese police have also sent several study groups to France, where they have purchased sophisticated materiel, diplomats said.

Chinese security forces have worked with Poland's interior ministry on prevention, control and repression of civil unrest, a well-placed Eastern European source said.

"Everyone knows that Poland has a lot of experience in this domain," the diplomat said. "It is sharing it with China, which has a lot to learn."

The Polish Government decreed martial law in 1981 and arrested leaders of the independent trade union Solidarity after widespread strikes due to price increases.

When Polish Prime Minister Zbigniew Messner visited China in June, Chinese President Yang Shangkun had expressed his "admiration" for Poland's control of social conflict.

Chinese Communist Party chief Zhao Ziyang had indicated in talks with Mr. Messner that the Chinese Government expected an escalation of social unrest in the coming years, they said.

Demonstrations for more democracy by tens of thousands of students in a score of Chinese cities during the winter of 1986-87 sent a clear warning to authorities, diplomats said.

Other incidents of social unrest have increased over the past two years.

A bomb went off in Beijing's central Tiananmen Square on July 18 last year, there have been acts of sabotage against several trains, and bloody anti-Chinese riots erupted in Tibet in October and March.

The number of strikes and work stoppages has grown with popular discontent over the biggest price hikes since the People's Republic was founded in 1949.

Article Views 'Party-Government Integration'
HK0808074588 Beijing GUANGMING RIBAO
in Chinese 28 Jul 88 p 3

[Article by Xu Shu (1776 1659): "'Integration of Party and Government'—a Probe Into Its Origin"]

[Text] The so-called "party-government relations" refer to the identity and disparity between the political party and the state power organ. After a political party achieves the position of, and performs the functions of, the state power organ, such party-government relations

are called "party-government integration." The core of party-government integration is the dual character of the political party, which is simultaneously a political organization and a power entity.

To expound the historical position of party-government integration, it is first necessary to find out the cause of its appearance. Political party and state power are both indispensable factors in modern political life. Both of them are composed of some people, have a certain organizational structure, and play certain political functions. However, under normal circumstances, the concrete contents of the factors that form a political party and a power organ are quite different. The main political function of a political party is to strive for the capacity of exercising state power. To achieve this purpose, the political position of its members should be basically identical, and its organizational structure is characterized by openness to the public outside the party and equality between members inside the party. On the other hand, the main political function of state power is to govern the entire society. The officials and functionaries in a state power organ must have administrative abilities. The organizational structure of state power is characterized by its closeness toward the outside and its internal hierarchical system. This forms the main differences between a political party and a state power organ.

The above analysis shows that a political party and a state power organ are political entities with both identity and disparity. It should be pointed out that a contemporary ruling proletarian party is undergoing the process of becoming a state power organ from the day it is established.

As we all know, most socialist countries were established under the social conditions where capitalism was not fully developed. The political characteristics of the feudal autocracy determined that violent revolution was the only option that the proletariat could use to seize power. The function of organizing armed forces and leading armed struggle meant that the proletarian party was more or less performing the function of a power organ. Being affected by this factor, the proletarian party bore the characteristics of a power organ in its personnel quality and its organizational structure. This thus increased its identity and reduced its disparity with a power organ, and also provided the conditions for party-government integration in the socialist countries.

The development of something cannot merely depend on possibility and there must be some driving forces. The "driving force" for the process of forming the party-government integration in the socialist countries came from the condition that statutory power holders lacked sufficient power capacity.

In modern political life, the citizens and the state power organ are normally the holders of state power. The establishment of the socialist system turns the people into the masters of the state, and the people's government is a tool for the people to manage the state affairs

as masters. Due to various historical factors, the people and the new-born state power organ did not attain the quality and capacity that they should have. The people's political capacity is divided into two parts, namely, their education conditions and their sense of participation in the handling of state affairs. If we review history, it is not hard to find that in the first years after their founding, almost all socialist countries faced a high illiteracy rate. If more than half of the citizens in a country are illiterate, it is not hard to imagine how low the educational and intellectual standards of the country are. It is natural that the people there do not have a strong sense of political participation. A servile attitude was forced upon the people for a long time, so the people inevitably had a certain inferiority complex and regarded the handling of state affairs as something awful and something that they did not want to be involved in. It was an objective fact that the people did not attain adequate political capacity in the first years after the socialist countries were founded. On the other hand, the triumphant proletariat also faced the task of rebuilding the state apparatus. The old state apparatus was built to serve feudal autocracy; and the socialist state apparatus had to be built in light of the requirements of democratic politics. Because of the lack of experience in the development stage of capitalist politics, the path of transition from the old state apparatus to the new one became extremely "steep," and it was very difficult to accomplish the transition in one step. In other words, the building of a perfect socialist state power system must be a rather long process. Before its accomplishment, the political functions of the initial form of the state power organ are imperfect.

In general therefore, it is hard to change the fact that the political capacity of the statutory power organ was insufficient after the socialist state was founded; on the other hand, due to some historical factors, the proletarian party had the capacity of exercising state power. These two factors contributed to the forming of "party-government integration."

According to the above analysis, we may find:

First, party-government integration does not represent a universally regular phenomenon in socialist countries, neither is the insufficient capacity of the statutory power holders a universal phenomenon in all countries. So, it is natural that not all countries face the possibility and inevitability of party-government integration.

Second, party-government integration is not an unchangeable condition in today's socialist countries. According to the above analysis, the necessity of party-government integration comes from the insufficient capacity of the statutory power holders. Obviously, the insufficient capacity of the statutory power holders is not an intrinsic characteristic of socialism, but is only the demonstration of an immature form of socialism. Therefore, with the development of socialism, the power system will gradually grow perfect. Then, the foundation for party-government integration will not exist any more.

Third, socialism will develop continuously, and the development of socialism includes the improvement and perfection of the political system under socialism. The improvement of the political system may take various forms, but the basic tendency is to become more and more democratic. The development of socialist democracy must find expression in the participation of more and more people in exercising state power. Therefore, the power structure based on party-government integration, with the proletarian party exercising state power on behalf of the whole people, will inevitably be transcended.

CHINA DAILY Praises New Open Elections
HK0808074688 Beijing CHINA DAILY in English
8 Aug 88 p 2

[From the "Opinion" page by Zhang Kewen: "Finally, Elections With Competition"]

[Text] In the past year, all the leading bodies in the country's 29 mainland provinces, autonomous regions and municipalities directly under the central government have been reshuffled, in a quite unusual way.

The personnel change in itself is routine. Every five years, a new People's Congress is elected for each province, autonomous region or municipality. And at the first session of this congress, new leaders are elected for its Standing Committee. The governor (chairman in the case of an autonomous region and mayor in the case of a municipality) and his deputies, as well as the president of the higher court and the procurator-general of the higher procuratorate also are elected at this session.

By the end of last month, 28 of the 29 mainland province-level areas—except Tibet—had undergone such a process. (The Tibet Autonomous Region's new People's Congress was in session at that time, but statistics are not yet available.)

The way the change is made is unusual, however, because competitive elections have been introduced, for the first time in China, to elect leaders at the provincial level. That means more candidates standing for election than actual vacancies.

Competitive elections have applied to:

—Standing Committee vice-chairmen and vice-governors (or vice-chairmen of the autonomous regions and vice-mayors of the municipalities) in all the 28 province-level areas,

—Standing Committee chairmen in 11 provinces,

—Governors in 8 provinces,

—Presidents of higher courts in 13 provinces and,

—Procurator-generals in 11 provinces.

Party Committees [subhead]

In addition, while party committees at the provincial level continued to recommend candidates to the presidiums of the congresses to win their recognition, deputies did the same themselves, for the first time.

Altogether, 573 party-recommended candidates stood for election and 479—or 84 percent—of them were elected.

Ninty-nine deputy-nominated candidates stood for election, and 12 were successful.

As early as 1982, the National People's Congress revised the law which relates to the organization of the local people's congresses and local governments, by adding a clause allowing local elections to have more candidates than vacancies.

In 1986, it once again revised the law. This time, competitive elections became mandatory for local elections.

The subsequent provincial-level competitive elections earned high praise from the Chinese press. And they deserve it.

As the Beijing-based journal QIUSHI (TRUTH SEEKING) put it, the elections marked a breakthrough in the development of China's socialist democracy.

According to it, one of the principles of a socialist democracy concerns the right of the people to choose their officials.

Yet, for a long time in China, this right has virtually been replaced by a unanimous show of hands to approve the candidates designated from above.

As being designated as a candidate automatically would lead to being appointed in the past, many officials have developed an abnormal psychology. That is, they just look to their superiors and neglect the wishes of the common people.

An extreme example of this phenomenon is seen in the reaction of the mayor of Wuwei City in Gansu Province early this year to the criticism on city government work made by some people's deputies in a local newspaper.

Instead of talking things over with the deputies as he should, the mayor ordered the newspaper issues that carried the criticism to be taken back from readers.

Reporting the story, the CHINA YOUTH NEWS newspaper commented that this would not have taken place if the mayor had been elected by the people's deputies there and placed under the supervision of the people.

Competition [subhead]

The introduction of competitive elections, the QIUSHI journal said, would help change this situation by returning the right of electing officials to the people.

Of course, competitive elections alone will not solve all the problems.

For instance, their significance would be greatly reduced if candidates dropped by deputies are then appointed indiscriminately to other official posts for which elections are not required. This happens in some places, according to the QIUSHI journal.

The competitive elections themselves need improvement.

According to the journal, some provinces tried to restrict the scope of the new elections to include only Standing Committee vice-chairmen and vice-governors; some tried to reduce the percentage of candidates to be dropped; some did not treat deputy-nominated candidates on equal footing as party-recommended ones.

The principles of democracy, equality and openness have not yet been fully applied in competitive elections, it said.

Moreover, the abilities of some deputies in government and political affairs need to be improved.

The journal said some deputies never uttered a single word when discussing who should be nominated. Some even fell asleep.

Some deputies themselves were designated by higher authorities. It was difficult for them to vote against the officials who had them made deputies.

In fact, but for these troubling factors, competitive elections could have been practised earlier.

In short, the breakthrough has been made, but continuing success of this new system depends on further reform.

Decade of Economic, Social Development Reviewed OW0708131188 Beijing XINHUA Domestic Service in Mandarin 0705 GMT 4 Aug 88

["Title: China Has Taken on a New Look After a Decade of Reform—a Report From the State Statistics Bureau," by XINHUA reporter Wu Shishen]

[Text] Beijing, 4 Aug (XINHUA)—The State Statistics Bureau has been collecting all data on our national economic and social development, and accurately recorded the difficulties and achievements as well as hopes and concerns in the course of reform over the past 10 years.

Recently, the figures supplied by nearly 100 computers, authoritative storehouses of information, have shown a vivid picture of reform.

Pattern of "Chinese Characteristics" [subhead]

In the past decade, the tide of reform has surged from the rural areas to the cities and from the economic area to the political, scientific, technological, educational, and other fields, lashing fiercely at the embankments [di an 1029 1489] of reality in the republic.

In the course of reform, people have adopted new ideas or changed old ones: Poverty is not socialism, and the concept of commodity economy must be affirmed; only the best survive, once again arousing the awareness that competition promotes human progress; national consciousness and democracy must be strengthened; practice is the sole criterion in testing truth; and the development of productive forces is the measure of social progress. World opinion cries out in alarm: People's China has cast its dogmas aside and embarked on a road toward the development of socialism with "Chinese characteristics."

A new pattern of China's economic development in the present age has begun to appear in the course of reform:

The institution of the rural contracted responsibility system based on the household and linking remuneration to output and the practice of various contract systems in urban industrial and commercial enterprises have brought vitality to microeconomic mechanisms.

The unitary system of public ownership is being replaced by an economic structure of various systems of ownership, such as ownership by the whole people, collective ownership, individual ownership, as well as Sino-foreign joint ventures, cooperative enterprises, and exclusively foreign-owned enterprises. The proportion of state-owned enterprises in the country's total industrial output value decreased from 80 percent in 1978 to 57.5 percent in 1987, that of the collective economy rose to 42 percent, and that of individual and other economic components went up from nearly zero to 2.3 percent.

A unitary, highly centralized planning system is being transformed into a new economic system linking planning with the market. An open consumer goods market with more channels and less intermediate links is being improved. A market for means of production has been developing gradually. Markets for funds, technology, labor, real estate, and information have also entered our economic life.

The system of having a single channel of construction funds is being replaced by one having various channels, such as financial appropriations, bank loans, self-raised funds, and foreign funds.

Record-Breaking Leap Forward [subhead]

The transformation of the closed and rigid economic structure into a revitalized one has brought about the liberation of productive forces and the mobilization of

the people's intelligence and wisdom. Our country has entered a new period in which its economy has been developing most steadily and its strength increased most quickly.

Let us compare 1987 with 1978:

Our economic strength has noticeably increased. Gross national product rose from 348.2 billion yuan to 1,092 billion yuan in terms of comparable prices, an increase of 123 percent. This represents an average annual increase of 9.3 percent, a rate much higher than the average annual increase of 6 percent in the previous 26 years (1953-1978). The growth rate in the first half of this year reached 11 percent. Such a sustained growth rate presents a striking contrast with the turbulent international economic situation.

Industrial production has reached a new level. Total industrial output value rose from 423.7 billion yuan to 1,381.3 billion yuan in terms of comparable prices, an increase of 174 percent. This represents an average annual increase of 11.8 percent. Industrial departments invested 230 billion yuan in technical transformation and imported some 10,000 items of advanced technology and equipment, thereby upgrading production technology. Our sophisticated industrial technology has begun to match the advanced world technological level.

A long period of slow agricultural development finally came to an end. Total agricultural output value rose from 139.7 billion yuan to 467.6 billion yuan in terms of comparable prices, an increase of 75.9 percent. This represents an average annual increase of 6.5 percent, a rate much higher than the average annual increase of 2.6 percent in the previous 26 years. Nonagricultural output value, including output value of rural industry, building industry, and commerce, exceeded total agricultural output value for the first time in 1987. The rural economy is unprecedentedly prosperous.

Foreign trade has expanded rapidly. By opening to the outside world, large quantities of our industrial and agricultural products have entered the international market. Our country's total volume of import and export trade in 1987 was \$82.7 billion, a more than 300 percent increase.

Remarkable progress has been made in the field of education where the nation's best qualified people are trained. The number of graduates who completed either undergraduate or professional courses at more than 1,000 institutions of higher learning in the whole country reached 2,856,000 over the past decade. The number reaches 7,307,000 if the number of graduates from adult education institutions of higher learning are included. This figure equals the total population of Tianjin Municipality. The first generation of graduate students with doctorate and masters degrees trained in China are becoming the pillars of the nation for this as well as the next century.

The Fashion To Be Comparatively Well-Off [subhead]

Markets, both big and small, in various localities throughout the country have been bustling with activity even during the slack season. They are busy throughout the year. With markets abounding in supplies, consumers have plenty of merchandise to choose from to satisfy their tastes. The per-capita value of commodities purchased in 1987 reached 540 yuan, compared with only about 160 yuan in 1978. There may be people who complain that "price rises are excessive, and almost unbearable." This, indeed, is something that worries us. However, everybody clearly understands that "new changes are really taking place in life over these years." The per-capita net income of an average peasant was 463 yuan in 1987, marking an increase of 1.8 times after adjustment for the rise in the cost of living index. The average annual per-capita income of urban residents rose from 316 to 916 yuan. If price rises of 85.6 percent are taken into account, real per-capital net income has risen 7.1 percent each year. Such a fast rate of growth is unprecedented in history. The large-scale increase in savings deposits of urban and rural dwellers provides us with a good proof. As of the end of June this year, bank savings amounted to 349.3 billion yuan, or 15 times those in 1978.

With the increase in income, a large number of color television sets, refrigerators, washing machines, and other high-grade durable goods which were regarded as "something remote but cherished" in the past have entered thousands of homes. Profound changes have taken place in people's clothing, which are like a "show window of the times." Clothing of dark colors and simple design has been replaced by more colorful and fashionable ones. Clothing of modern design has continuously appeared on the market. The people's food pattern has also changed with the emphasis on more nutritious foods. In 1987, each person consumed 5.4 kg of vegetable oil, 14.5 kg of pork, and 5.6 kg of eggs each year, doubling the figures for 1978.

New Thinking: Area of Perplexity [subhead]

In a populous nation like China, it is impossible to turn a fine concept into reality within a short period of time. In real life, there remain many things that are not so ideal. People often sigh expressing their feelings, saying: "Now, the value of money is gradually diminishing." They also grumble: "What are the advantages of carrying out reforms!" Even statisticians, who are good at analyzing social developments on the basis of figures, complain in the same manner. However, their comments are rather philosophical. They say: We are faced with even greater perplexity after seeing the light, we are running into new shackles after having freed ourselves from inhibitions and made a breakthrough.

Reform is China's second revolution. As far as the overall target of reform is concerned, the reform during the past decade is just the beginning. We still have a long

way to go in making reform. After analyzing the situation, the statisticians point out: Political restructuring has just begun. For a certain period, it will prevent economic restructuring from deepening, and drain the energy released by economic restructuring. People are unable to fully tap their potential due to the imperfect and irrational labor and wage system and the uneven distribution and because prices in procuring commodities are sometimes higher than sales prices on the market. As the old and new systems coexist, various types of contradictions, loopholes, and frictions emerge from time to time. Investments in fixed assets expand, while consumer spending remains excessive. Supply of energy, raw and semifinished materials, and some consumer goods fails to meet demand all the time. Speculators, big and small, are always making illicit profits. In particular, there are excessive price hikes, and prices stay high without dropping. Commodity prices have increased at an annual rate of over 6 percent since 1985. Inflation, which reached double digits in the first half of this year, has begun to affect some people's actual living standards. The people's complaints are understandable. These complaints reflect the people's aspiration for a more affluent, easy, and comfortable life and their even greater perplexity after seeing the light.

Statistics are dull and dry. However, they authoritatively and clearly indicate the changes that take place during an era. When the various statistics become available in the course of reform, the experts working for the State Statistics Bureau are filled with profound feelings. Without looking back to their original starting point, those on a sailboat always have the feeling that the boat has not set sail yet. By reviewing our course over the past decade, we will be pleasantly surprised in discovering that the boat of our Republic is braving the waves and forging ahead!

Murderer of Entrepreneur Sentenced to Death

HK0808081888 Beijing RENMIN RIBAO in Chinese
31 Jul 88 p 2

[Dispatch by reporter Jiang Shaogao (3068 4801 7559): "Shenyang City Intermediate People's Court Passes Death Sentence on Murderer of Female Entrepreneur"]

[Text] Beijing, 30 Jul (RENMIN RIBAO)—Wang Shuqin, general manager of the Shenyang City People's Hotel and an outstanding female entrepreneur of Liaoning Province, was ruthlessly murdered by criminal Li Dan. This case shocked and attracted the attention of entrepreneurs. Today a person in charge of the China Enterprise Management Association and the China Entrepreneurs Association made a statement to reporters, asking society to safeguard the legitimate rights and interests of enterprises and entrepreneurs.

It has been reported that criminal Li Dan was a worker at the People's Hotel. The event took place on 26 July. At 1300 a drunken Li Dan forced his way into the general manager's office, asking General Manager Wang Shuqin who was in the office at the moment, for a job transfer.

Knowing that he was drunk, she suggested the matter be settled later after he was sober. With a sharp knife used for separating bones from meat in hand, he once again forced his way into the office and intimidated Wang Shuqin. People on the spot immediately stopped him from harming her and reported the case to the public security authorities. According to the regulations of punishment on security management, the public security authorities at first decided to hold him in custody for 10 days, but Criminal Li Dan appealed the legal decision and at 1800 the very same day, he returned to the hotel and, running into the canteen, stole a meat chopper. With it in hand he once again rushed into the office. Catching Wang Shuqin off guard, he chopped her head several times. Wang died after all rescue measures proved ineffectual.

According to the person in charge, the murder of Wang Shuqin shows that in developing the socialist commodity economy and deepening the reform, entrepreneurs are at the intersect of various contradictions, bearing the brunt of various resistance. Some entrepreneurs are defamed, threatened, and victimized by lawless elements and their personal safety is not secured. He hoped that the whole society would safeguard the legitimate rights and interests of enterprises and entrepreneurs, take firm measures against all phenomena of encroaching on the legitimate rights and interests of enterprises and entrepreneurs, and enforce laws against those who make things difficult for enterprises and entrepreneurs to such an extent as to violate the law and discipline.

It has been reported that at 0900 today, criminal Li Dan was brought under escort to the trial hall of the Shenyang City Intermediate People's Court and tried by the law and the people. Li Dan confessed all his criminal acts. The Shenyang City Intermediate People's Court sentenced international murderer Li Dan to death and deprived him of lifelong political rights.

Commentary Urges Protection

HK0808082888 Beijing RENMIN RIBAO in Chinese
31 Jul 88 p 2

["Short Commentary": "Protect the Entrepreneurs!"]

[Text] Outstanding entrepreneur Wang Shuqin was ruthlessly murdered. In the past few days, employees and cadres of both enterprises and organizations in Shenyang and throughout the country expressed strong righteous indignation at the savage acts committed by Murderer Li Dan and demanded that the murderer be severely punished, the legal system perfected, and entrepreneurs' legitimate rights and interests safeguarded.

The reformers are resolute and the same is true of the entrepreneurs. People are fully convinced of this point. The acts of a few criminals who did harm to the entrepreneurs because their personal desire was not met will not scare the entrepreneurs who have the courage to

make reform. Nevertheless, we should draw a lesson from a bitter experience. A lesson paid for with blood is indeed worth bearing firmly in mind.

Currently enterprises are reforming their internal operation mechanisms and improving their operations and management. The deepening of the reform is bound to profoundly touch on the personal interests of some people. More often than not, enterprise managers who have the courage to adhere to principle will meet with a lot of trouble and even their personal safety will be jeopardized. Departments concerned should attach great importance to this state of affairs. On the one hand, ideological and political work should be reformed and strengthened so as to avoid contradictions from intensifying and on the other, effective measures should be adopted to protect the safety of enterprise managers and ensure enterprise reform will develop in depth.

In this regard public security departments shoulder an important task. People trust that public security organs will act according to law. However, there is no denying that people are also worried about the insensitive thinking among some security personnel. The current tragedy serves as an example of the problem in this aspect. Criminal Li Dan who was armed with a knife and threatened he was going to kill some people was not believed to be capable of murder. When the implementation of punishment in custody was delayed, no effective measures were taken to put Li Dan under surveillance nor were protective measures adopted with regard to Wang Shuqin and others. Hence, there was the horrible disaster.

Protecting the entrepreneurs means protecting the reform and the fundamental interests of the entire people as well. It is hoped that all members of society will concern themselves with this issue.

Daya Bay Nuclear Safety Committee Planned

HK0508140888 Beijing ZHONGGUO XINWEN SHE
in Chinese 1232 GMT 4 Aug 88

[Report by correspondent Zhang Xu (1728 6079)]

[Text] Hong Kong, 4 Aug (ZHONGGUO XINWEN SHE)—At an interview today with this reporter, An Qingming, who is in charge of the Guangdong Nuclear Power Joint Venture Company, said: In view of the importance of—and Hong Kong people's concern for—nuclear safety in the construction and operation of the Daya Bay Nuclear Power Plant, a "Nuclear Safety Consultative Committee for the Guangdong Daya Bay Nuclear Power Plant," consisting of Hong Kong professionals and well-known people, will be set up at Daya Bay on 12 August.

It has been reported that the constitution of the "Nuclear Safety Consultative Committee for the Guangdong Daya Bay Nuclear Power Plant" stipulates: The committee is a special body of communication between the Guangdong

Nuclear Power Joint Venture Company and Hong Kong residents on matters relating to nuclear safety at the Daya Bay Nuclear Power Plant. Its duties include discussing the reports of the Guangdong Nuclear Power Joint Venture Company on the implementation of the regulations guaranteeing nuclear safety in the construction and operation of the Daya Bay plant; transmitting information about developments in the plant's nuclear safety to Hong Kong residents; and making suggestions and proposals in accordance with the rules and regulations of China's State Nuclear Safety Administration and in light of the actual conditions in Daya Bay, using nuclear safety-related materials of international atomic organizations as reference.

A source said: The committee will have 11 to 15 members. Apart from two people, who come from the China Nuclear Industry General Corporation and the Guangdong Daya Bay Nuclear Power Joint Venture Company in charge of liaison matters, the rest of the staff will be composed of Hong Kong professionals and well-known people in medical, engineering, educational, and environmental protection circles. The Guangdong Nuclear Power Joint Venture Company is responsible for inviting committee members. It has been reported that Wo Po-yan and Raymond Ho Chung-tai have accepted invitations and been entrusted with the task of taking charge of the first committee, on which members will sit for terms of 2 years.

As early as September 1986, when the Hong Kong Nuclear Power Inspection Group visited Beijing, it proposed to Vice Premier Li Peng that a Daya Bay nuclear safety consultative body be set up, and it obtained Li Peng's support. Last April the China Nuclear Industry General Corporation issued a circular instructing the Guangdong Nuclear Power Joint Venture Company to invite Hong Kong professionals and well-known people to prepare to establish the consultative body. With support from all sides concerned, the work has progressed smoothly and now all the pieces are already in place.

Supervision Vice Minister Comments on Honesty
OW0508121888 Beijing XINHUA Domestic Service in Chinese 1152 GMT 4 Aug 88

[By reporter Zhou Changxin]

[Text] Beijing, 4 Aug (XINHUA)—Speaking at a news briefing for the press in the capital, Xu Qing, vice minister of supervision, pointed out today that supervisory organs at all levels should give full scope to their role in ensuring honesty and incorruptibility of administrative organs and their staffs and regard ensuring an honest government as their principal project today and for a long time to come.

Xu Qing noted: Supervisory organs at all levels must earnestly handle those issues the people resent most. Currently, they must firmly handle lawless conduct with

pernicious influence, such as corruption, accepting bribes, throwing parties, giving gifts, wastefulness, extravagance, and speculation among administrative organs and their personnel.

It is learned that, to ensure an honest government, the Ministry of Supervision is working hard on drawing up the "Provisional Regulations Governing Disciplinary Actions Against Corruption and Bribery Among Personnel of Administrative Organs of the State," "Provisional Regulations Governing Disciplinary Actions Against Dereliction of Duty Among Personnel of Administrative Organs of the State," "Provisional Regulations Governing the Disclosure of Property and Incomes of Personnel of Administrative Organs of the State," and "Regulations Governing Gift Giving and Accepting Among Personnel of Administrative Organs of the State."

Xu Qing also urged administrative and supervisory organs at all levels to investigate issues concerning government honesty in their respective regions and departments; to understand the significant changes in thinking, work style, spiritual outlook, and living styles that have occurred among administrative personnel during the development of commodity economy; to understand the new issues regarding administrative conduct, such as "official speculation" [guan dao 1351 0227], manipulation of authority, and extortion; and to explore ways and means of ensuring honesty among government organs.

State Council Decides on Appointments, Removals
HK0708083888 Beijing RENMIN RIBAO in Chinese 3 Aug 88 p 4

[XINHUA report: "The State Council Appoints, Removes Some State Functionaries"]

[Text] Beijing, 2 Aug (XINHUA)—The State Council has appointed and removed some state functionaries.

On 7 July 1988, it appointed Yao Zhenyan [1202 2182 3508] general manager of the State Energy Investment Corporation; Huang Zhendong [7806 6966 2639] general manager of the State Communications Investment Corporation; Kuang Yemei [6782 2814 2734] general manager of the State Raw Materials Investment Corporation; Wang Wenzhe [3769 2429 0772] general manager of the State Machinery, Electrical Appliances, Light Industry and Textile Investment Corporation; and Tu Fengjun [3205 6646 0193] general manager of the State Agricultural Investment Corporation.

On 20 July 1988, the State Council appointed Lian Yin [6647 1438] vice minister of Civil Affairs; Xie Gaojue [6200 7559 6030] vice minister of Posts and Telecommunications; Fang Zhangshun [2455 2874 7311] director of the State Seismological Bureau; and Wang Nai [3769 0035] director of the State Bureau of Foreign Experts Affairs. Meanwhile, it removed Fang Zhangshun

from post of vice minister of Geology and Mineral Resources; and Pan Zengxi from post of vice president of China State Shipbuilding Corporation.

State Council Approves Beijing Technology Zone
*OW0708145288 Beijing XINHUA Domestic Service
in Chinese 1427 GMT 5 Aug 88*

[Text] Beijing, 5 Aug (XINHUA)— Approved by the State Council, the Beijing experimental zone for the development of new technology industries proclaimed its founding and started operation today.

In May, the State Council approved the establishment of an open and export-oriented new-technology industry development zone in the roughly 100-square-km area which surrounds Zhongguancun in the Haidian district of Beijing. In the following 3 months, preparatory work, including advertising for personnel to set up the office for the experimental zone, mapping out a blueprint for construction in the zone, and formulating provisional policies and regulations on providing preferential treatment to Sino-foreign joint enterprises and foreign-invested enterprises, was basically completed.

Home to nearly 200 universities and colleges and scientific research institutes, the Zhongguancun area of Beijing is one of our country's largest intellect-intensive areas. The area also enjoys a budding science and technology industry, as 500 various science and technology enterprises in the area have acquired hundreds of high-level science and technology innovations. Able to fully capitalize on the advantages of the Zhongguancun area in developing new technology industries and eventually stimulating their development across the whole country indicates that our nation has embarked on a road of reliance on developing high-tech to raise its scientific and technological level and revitalize the economy.

It is learned that preparations for the first-phase construction of the experimental zone are under way now. The major part of the construction is to build four roads around Zhongguancun, a technology-trade center to the north of the Beijing library, and a bio-engineering center for the Academy of Agricultural Science. The objective is to build streets with trade characteristics. The preparatory work also includes drawing up rules and regulations to provide criteria for checking and approving new technology enterprises and unfolding the task of examining and approving such enterprises.

New Zone Welcomes Investors
*OW0608134588 Beijing XINHUA in English
1126 GMT 6 Aug 88*

[Text] Beijing, August 6 (XINHUA)—Beijing's experimental zone for science and technology industries—known as China's "Silicon Valley"—welcomes investment of funds and technology from Overseas Chinese and foreign firms.

Speaking at a news conference Friday, a spokesman for the zone said overseas investors can open joint ventures with their Chinese counterparts or enterprises exclusively run with their own funds.

He said the zone, supported by the State Council, offers preferential treatment to investors from Hong Kong and Macao, Taiwan and foreign countries.

The experimental zone, which formally began business yesterday, covers an area of 100 sq km and is centered in Zhongguancun in the Haidian District.

The experimental zone is mainly designed to promote the integration of science and technology with the economy and give a boost to the development of China's new technological industries, said Lu Yucheng, vice mayor of Beijing, at the conference.

The vice mayor said efforts will be made to turn the zone into an open, outward looking technology development zone.

NPC Finance Committee To Draft Economic Laws
*OW0608081288 Beijing XINHUA in English
0747 GMT 6 Aug 88*

[Text] Beijing, August 6 (XINHUA)—The Economy and Finance Committee of the National People's Congress (NPC) will start drafting the state budget, investment and price control laws this year to promote better macro-control of China's national economy.

According to Ye Lin, the committee's vice-chairman, during the next five years, the committee will discuss and draft other important economic laws to govern state planning, finance and labor system reform.

During the last quarter of this year, Ye said, the committee will check up on the state-owned industrial enterprise law, which was ratified at the 1st session of the Seventh NPC earlier this year and went into effect August 1, with the results to be reported to the NPC Standing Committee.

This year the committee also plans to examine the control and usage of funds not included in the state budget and increases in and uses of educational funds, which are two key issues in China's economy.

Via these studies, the committee hopes to make better use of funds outside the state budget and funding for education, while also exploring new ways to get more money for education.

Navy Armed With Strategic Nuclear Missiles
OW0608134788 Beijing XINHUA in English
1337 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—The Chinese Navy is now armed with both tactical guided missiles and strategic nuclear missiles, today's OVERSEAS EDITION of the "PEOPLE'S DAILY" reported.

China began developing missiles for the Navy in the 1950s. The Navy now has complete ranges of shore-to-ship, ship-to-ship, ship-to-air, air-to-ship, and submarine-to-ship guided missiles.

Some meet the latest world standards, said the paper.

Chinese experts are developing new submarine-carried strategic missiles and making the existing tactical missiles supersonic and intelligence-guided.

PLA Navy Develops Guided Missile Systems
HK0808041188 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 5 Aug 88 p 4

[Report by Shen Shungen (3088 7311 2704): "The Chinese Navy Forms a Guided Missile-Based Attack Force"]

[Text] Data supplied by the equipment and technology department of the Chinese Navy shows that with many kinds of vessels equipped with all types and classes of guided missiles, the Chinese Navy is rapidly developing the use of more missiles. It has basically formed an attack force based on guided missiles. Along the 10,000-li coastline, the coast missile units are situated at various strategic points. Carrying various kinds of missiles, bomber groups patrol the airspace above the territorial sea. Fleet after fleet of guided missile vessels, escorts, and cruisers shuttle back and forth in the rolling seas and guided missile submarines cruise ceaselessly in the depths. The naval missile units are turning the motherland's coastal areas and territorial seas into a steel great wall.

Since the late 1950's the Chinese Navy has developed guided missiles by copying and constantly improving on Soviet missiles. The Navy has: Strengthened the missiles' electronic resistance capability and their capability to break through lines of defense at low altitude; set up China's overall research institute for coastal defense missiles; and developed a relatively complete range of production lines and test ranges. Meanwhile, the navy has also trained and developed operating and experimental units and equipped them with China's first anti-ship missile series.

In the early 1970's, China's development of naval missiles started to enter the stage of designing and blazing new trails on its own. It gradually evolved from an exclusively coastal defense system to a full range of missiles such as surface-to-surface, surface-to-air, air-to-surface, and submarine launched missiles, thereby developing its own missile defense system. In performance it

has reached advanced world standards in many ways during the 1980's. Take as an example the anti-surface missiles which many countries call "China's Exocet." They can be carried by surface vessels and submarines and can also be mounted on aircraft or vehicles for mobile firing. They are sea-skimmers and can be fired in the multi-shot mode (shan mian fa she 2082 7240 3127 1410). In complicated conditions they have a relatively strong capability of penetrating lines of defense and a fairly high accuracy rate. During many test firings they scored direct hits on the target.

To date the Chinese Navy not only has tactical missiles but also possesses strategic nuclear missiles. Since the submarine launching of strategic missiles in October 1982, qualitative changes have taken place in the navy's weaponry and the modernization program has entered a new stage. While developing a new type of submarine-launched strategic missile, the Navy has also made new headway and breakthroughs in the operational use and technological functions of tactical missiles and is making the transition toward supersonic speed, ultra-low altitude, over-the-horizon capability (chao shi ju 6389 6018 6415), automation, and intelligence-fed accurate guidance (zhi neg hua jing que zhi dao 2535 5174 0553 4737 4292 0455 1418).

With the commissioning of more missiles the Navy has established advanced schools to train skilled personnel in guided missiles and offered special training classes for captains of missile equipped vessels, missile department heads, and so on. University graduates from these schools are being sent in an endless stream to various missile units, and to research departments and leading organs at all levels.

'One Army, Two Systems' Concept Introduced
HK0808042488 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1140 GMT 2 Aug 88

[Report by reporter Hao Si (6787 1837): "The Idea of Implementing the Practice of 'One Army, Two Systems' in Building China's National Defense"]

[Text] Hong Kong 2 Aug (ZHONGGUO TONGXUN SHE)—China's defense buildup is now facing the dilemma of a shortage of funds. Some people have proposed the implementation of "one army, two systems," or in other words, to develop production of war industry and munition trade while reducing reliance on fund allotments from government finance.

At present, China's expenditures in defense buildup are limited to an insignificantly low amount. However, the Chinese Army is rather large in scale, while the gap is wide between China and developed nations in their levels of arms equipment. Hence, the need for further development. Moreover, the treatment of servicemen is awaiting improvement. According to relevant experts,

based on China's present budget for military spending, it will be impossible to narrow the gap in arms equipment levels between China and developed nations, and it will only continue to widen.

The Chinese Government has limited financial resources, and it is impossible to allot more funds to national defense. However, it is unrealistic to axe defense tasks simply to cut back expenditures. Moreover, the demobilization of the regular army in a big way has little practical effect. It is calculated that between now and the year 2000, the demobilization of another 300,000 troops will save only some 10 billion yuan. The expenditures saved are not even sufficient to build a modern aircraft carrier, whereas the side effects will be still greater burden on the Chinese Government, which already has great difficulties finding a solution to employment.

The so-called "one army, two systems" concept refers to the implementation of two development mechanisms within a military system (or a defense system.) The Shanghai-based "SHIJIE JINGJI DAOBAO" carried a signed article by "Chen Fang" [7115 2455] not long ago, which discussed the concept in question. The two development mechanisms refer to: The effects-producing military system will operate the military development mechanism, short for "military mechanism," which is primary. Whereas the economic results producing military system will operate the economic development mechanism, short for "civil mechanism," which is secondary, but will take up a considerable proportion. The article believes that, so long as the various group corporations and specialized corporations under various services and arms as well as all major military regions are unified in establishment and in macro-control and coordination, a civil development organism will be set up to suit to economic development a big way.

The development of military technology by the war industry will create tremendous economic results. Besides, arms trade will also bring in considerable financial resources. Based on the estimate of a relevant department, China will easily earn 5 billion yuan in arms deals on an annual basis. But if the readjustment in organization and management are strengthened, there will not be any difficulties bringing in 10 billion yuan each year. Developing in this line in a decade or two, the revenues from arms deals and profits of the war industry system will be quite sufficient for the defense system to refrain from asking the government to allot funds to its expenditures.

China's war industry system actually began work in economic development a few years back, and has scored some results. If the conception of "one army, two systems" is to be put into practice, the defense system will be organized into an economic and technological body to participate in internal and external economic and technological trade. At the same time, the condition in which the defense system has expenditures only but

not revenues will be changed. To achieve this, it is necessary to conduct major structural reform; at the same time, to renovate the defense concept, and to absorb the competition concept, the concept of economic results, and the value concept, so on and so forth to deal with the challenge of the commodity economy. Besides, relative reforms should be conducted in the ways of organization and leadership as well as the army establishment pattern. This is actually a fundamental change involving the general defense operational mechanism. It remains a question whether China's defense system has acquired the conditions for such changes.

Army Cadres, Leaders Lose Confidence in Reform
HK0508145188 Hong Kong CHENG MING in Chinese
No 130, 1 Aug 88 pp 11-13

[Article by special correspondent Chang Chuan (1603 1557): "The Army of the CPC Is Full of Grievances"]

[Text] What Is the Use of Reassuring Servicemen on the Occasion of Greeting the "1 August" Army Day [subhead]

The 1 August Army Day is approaching again. To reassure veteran cadres in the Army, the General Political Department and Office under the CPC Central Military Commission issued an emergency notice on 1 July, urging various military regions and headquarters of various arms of services to widely carry out the activities of expressing regard and concern for veteran cadres. However, insiders believe that it is difficult to reassure servicemen. Due to reform and other problems which some people believe to have been connected with reform, veteran cadres in Beijing Military Region feel strongly resentful about the current situation. This is also the case with those veteran cadres in Nanjing Military Region and Shenyang Military Region. In the second half of June, the central authorities sent Li Desheng to Shenyang to do ideological work for veteran cadres. More than 50 veteran cadres of the Shenyang Military Region at divisional level presented a petition to Li Desheng in the courtyard of the military headquarters. Due to the fact that these petitioners, who had lost confidence in reform, were Li Desheng's former subordinates, Li was also somewhat dissatisfied with the current state of affairs after seeing all this. On the evening of the same day, Li Desheng had dinner with those veteran cadres. Some deputy commanders or political commissars of the Shenyang Military Region also attended the dinner. Worrying about the possibility that the contradiction would be intensified, the central authorities sent an urgent cable to Li to ask him to return to Beijing immediately, although he had stayed in Shenyang for only five days. On the day when Li left Shenyang, more than 10 veteran cadres saw their former commander off at the airport. From this incident we know the seriousness of the problem of veteran cadres.

Actually, those who have lost confidence in reform include not only veteran cadres of the military region, but also persons in the highest leadership stratum of the army.

On the afternoon of 5 June this year, the CPC Central Military Commission held a brief meeting. Although Zhao Ziyang was ill, he attended and spoke at the meeting to boost the morale of the leaders of the military commission. He said: The morale of servicemen in the period of reform is as important as that in wartime years. When the morale of our troops falls, we will suffer a defeat. As long as we can maintain the morale of our soldiers and officers, no difficulties can block the general trends of reform. At the meeting, which lasted one hour and a half, Zhao was excited when delivering his speech. When the meeting was in progress, he was called away by his doctor and given an injection in a rest room. His secretary sent him medicine twice.

Deng Xiaoping Proposed to Zhao Ziyang a Toast of Maotai Wine to Encourage Him [subhead]

Zhao Ziyang's remarks reflected the fact that some important military leaders of the CPC are severely at odds with reform. Zhao Ziyang is the marshal of the reformists, who is second only to Deng Xiaoping. Actually, he is doing much more work than Deng Xiaoping. Those leaders in the Army who feel dissatisfied with the reform have regarded Zhao Ziyang as the arch-criminal. The pressure put on him is exceedingly greater than other important leaders of the reformists. According to an unconfirmed report from the military commission, Zhao Ziyang is confronting tremendous difficulties in reform and is constantly attacked by the conservatives. His hair has rapidly turned grey because he feels extremely anxious all day. Not long ago, he cried bitterly.

Deng Xiaoping is said to have known that Zhao Ziyang is in a bad mood. He has repeatedly boosted his morale and encouraged him. In the meantime, when he is talking with foreign guests, he stresses time and again that he strongly supports Zhao Ziyang, and fully affirms his important leading position in the party, Army and government. Not long ago, hearing that Zhao Ziyang was in a bad mood, Deng Xiaoping invited Zhao, Yang Shangkun and Qin Jiwei to an informal dinner. During the dinner, Deng Xiaoping stood up and proposed Zhao a toast of Maotai wine. He said jokingly: "If you want to eat grain, you must look for Ziyang. This saying has not been outmoded." Deng's remarks have demonstrated his determination to support Zhao Ziyang. Deng added: we should not be afraid of taking risks. Without risks, it is impossible for us to achieve something magnificent. During the period of the war of liberation, we had only 2 to 3 million soldiers. However, Ching Kai-shek had 8 million soldiers. Was there no risk? Must we fight the war or not? Could we score a victory? At that time, the Political Bureau discussed this matter again and again. In the end, we overcame the dangers, and won the battle. Afterward, at a routine meeting of the Central Military Commission, Yang Shangkun disseminated the spirit of Deng's remarks.

Officers Neither Favor the Plan of Drastically Streamlining the Army, Nor Agree With Deng Xiaoping's Appraisal of the Current Situation [subhead]

The forces in the Army which resist the reform are not weak. Some cadres, who are dissatisfied with Deng and Zhao, were extremely annoyed.

When the work of streamlining the troops by one million had just started, officers, and high-ranking officers in particular, were resentful of it. Now high-ranking officer and army cadres have complained that after the drastic streamlining of the Army, the status of servicemen has further declined. In view of the fact that some central leaders failed to show concern for the development of the Army, Chief of General Staff of the PLA Chi Haotian told reporters: Now some people only know that "without industry, our country will not get prosperous," that "without commerce, our economy will not become active," and that "without agriculture, it is impossible to maintain a stable economy." But they forget that "without the Army, the security of our country cannot be ensured." As a result, many people are not prepared for danger in times of peace, and their concept of national defense has been blunted. These officers believe that reducing the number of soldiers by one million means putting the weapons back in the arsenal and grazing the war horses on the hillside. They think that the practice is wrong.

The appraisal of the CPC decision-makers of the current world situation is that the factors of peace are increasing very rapidly, and the possibility of world war has been greatly reduced. Therefore, apart from streamlining the Chinese Army by one million, defense expenditure must also be reduced. High-ranking cadres in the army are not satisfied with all this. They do not agree with Deng Xiaoping's appraisal of the current international situation, but stress the importance of war preparedness. Li Shuo, a cadre at the army level in the Chengdu Military Region has a lot of complaints about this. He said: The situation along the border is complicated. Without a strong national defense, it is impossible to defend our motherland even though we lodge protests everyday.

Commission of Science, Technology and Industry for National Defense Criticizes the View of Certain Persons on Reducing Funds for Manufacturing Nuclear Weapons [subhead]

To criticize the views of certain decision makers in the central authorities, a high-ranking officer in Guangzhou Military Region, Tang Lizhong, said: Since strengthening national defense is needed, there is no need for us to fear that foreigners might say that we are bellicose. A high-ranking navy officer Zhang Xisan stressed the importance of war preparedness to an alarming degree. He maintained: "During peacetime, more effort must be made to develop a mobilization system of the Army. Otherwise, when war breaks out, it will be too late for us to do so." Wang Lichun, a cadre of the Commission of Science, Technology and Industry, criticized certain leaders who oppose the plan of developing nuclear weapons. He said: "A certain person stressed on different occasions that it was wrong to develop science and technology for national defense. In those years, if our

main efforts were not devoted to scientific and technological front of national defense, our economy would have developed more rapidly. Such a view expressed by Qian Xuesen shows that he is ignorant. I believe that he is really ignorant."

Those who have dealings with the high-ranking cadres of the Army are under the impression that most of those cadres are full of grievances. They stress the factor of war mostly because they are not satisfied with the decline of their status and incomes.

Soldiers Have Not Got Enough Vegetables to Eat, and They Are Disgusted With Deng Xiaoping's Stratagems of "Exercising Patience" [subhead]

The incomes of servicemen are on the low side. Some cadres say their wages are lower than those of their children who have just started working. In addition, due to recent increases in commodity prices, their living standard has considerably fallen. A high-ranking army cadre, Su Gongxiang, openly complained of the servicemen's hardship. He said: "Cadres and soldiers of the entire Army support reform. But they have truly encountered difficulties in their livelihood. For instance, the prices of non-staple food and vegetables have increased drastically. The living standard in the companies has dropped. The physique of our pilots has declined." While interviewed by reporters, the PLA Chief of General Staff Chi Haotian admitted: "Our soldiers do not have sufficient vegetables to eat." Those soldiers stationed in border regions (including islands) have suffered from still greater hardships in their livelihood. Their "jingle" is: "My health is ruined, my wife has a hard time, and my children suffer." It is obvious that the problem of the livelihood of servicemen is very serious.

When senior army leading officers reported the situation to Deng Xiaoping, he issued an instruction consisting of five characters: "The army must exercise patience." [Jun dui yao ren nai 6511 1417 6008 1804 5082] This "five-character stratagem" was disseminated to all levels. Yang Baibing, Director of the PLA General Political Department, also made a big to-do about the stratagem. But he failed to dispel the discontent of servicemen. Some soldiers said that Deng's remarks were irresponsible and sarcastic. They stressed: "Servicemen have exercised patience for a long time. How long must we continue to do so?"

Production and Operating Activities in the Army Are Not Helpful to Improving the Livelihood of the Army [subhead]

To show consideration for the livelihood of the servicemen and dispel their discontent, the CPC Central Committee and the Central Military Commission have decided that the troops are allowed to carry out their production and operation activities for business purposes. The income from such activities can be used to

make up for the insufficient supply of the Army. However, this involves a problem of doing business through legal or illegal means, and the competition between the army and local enterprises in business. Besides, a number of high-ranking cadres in the Army do not regard income from business as public funds. They spend the money arbitrarily as entertainment expense. This has caused many conflicts, and the livelihood in various army units is not improved.

The incomes of many servicemen have declined. At the same time, much money has been wasted. Soldiers in general and many cadres in the Army have a lot of complaints, or are even angry with those high-ranking cadres inside and outside the Army who have severely wasted public funds. A cadre from the Shenyang Military Region, Huang Zhaiyu, who is a people's deputy, said: "In recent years, our budget has been tight, and our financial deficits are heavy. However, we have still imported a large number of cars. When I was attending the 1st session of the 7th NPC, I found out that many cars were parked in a courtyard of a guest house in which deputies from the Shenyang Military Region were living. Only three of them were Shanghai brand old limousines."

The Status of Soldiers Is Inferior to the "Big-Bellied," and Most High-Ranking Officers Have Imported Cars [subhead]

Many travelling traders in society have got rich. Their living standard has been substantially increased. To compare with them, many servicemen find out that their livelihood has been deteriorating. A cadre with a surname of Shen from the Industrial, Scientific and Technological Commission of National Defense quoted the remarks of military theoretician (Yormini): "If the social status in a country of the brave warriors who sacrifice their lives, health and happiness to safeguard the country is lower than those big-bellied businessmen, it is not surprising at all that the country will perish." At present, a disease of "morbid envy" is very serious in the Army. Many soldiers and cadres are complaining that they are not fairly treated.

It is true that the grumble of those high-ranking army cadres has shown that they are full of grievances. This has also demonstrated that the problem in the army is fairly serious, or very serious.

Bridges Built by Local Authorities Are too Low for a Warship to Pass Over, and Youths Who Suffer from Cancer, Heart Disease, and Former Robbers and Petty Thieves Are Sent to Join the Army [subhead]

Very often, conflicts occur between the Army and local authorities because local authorities do not attach importance to the development military installations. A navy officer called Zhang Xisan revealed this by saying: "Now local authorities build roads and bridges as they please without considering whether they are suitable for

warships or military vehicles during wartime." A high-ranking officer from the Guangzhou Military Region, Chen Dongying, complained that local authorities fail to abide by the "Law of Military Service" because they send unqualified youths to join the Army. He said: Over the past 2 years, an engineer regiment of the Guangzhou Military Regions have each year discovered 3 to 4 new soldiers who suffer from diabetes, heart disease, and cancer. Some new soldiers carry false identity as youth league members or false academic qualifications. What is more serious is that some localities send former hooligans or petty thieves to join the Army.

Such things do not happen in Guangzhou Military Region alone. Chi Haotian also told the reporters: "Every year when conscription is carried out, some localities send youths who were guilty of robbery or pilfering to join the Army."

Sending Gifts Has Become a Common Practice Among Soldiers [subhead]

In recent years, there are many other problems in the Army. It is now no longer a secret (the practice is even regarded as lawful) that if one intends to join the party, study in the university, study technology, change his identity to be a voluntary soldier, ask for leave or promotion, and so on, he has to send "gifts." His superiors are also happy to take these "gifts." Many high-ranking officers believe that all these problems are brought about by reform. Therefore, they oppose reform. Some people oppose Deng Xiaoping and Zhao Ziyang in the name of opposing reform.

It is obvious that the problems in the Army are very serious. Some people in Beijing worry about the possibility that once Deng Xiaoping dies, something unusual might happen in the Army.

Army Paper Editorial on Commending Veterans *HK0808091688 Beijing JIEFANGJUN BAO in Chinese* *30 Jul 88 p 1*

[Editorial: "Award of History and Commendation of Times—Greeting All Retired Veteran Comrades of the Army"]

[Text] Today, the Central Military Commission held a grand ceremony to confer medals of honor on retired PLA cadres. Entrusted by the Central Military Commission, the military units stationed in various provinces, autonomous regions, and municipalities will also hold grand rallies to confer medals of honor on the retired army cadres who live in the relevant localities. At this solemn and joyful moment, we, on behalf of the officers and men of the whole Army, once again extend our sincere congratulations to all the retired old comrades who obtained this noble honor.

A Chinese ancient saying goes that "when one drinks water, one should think of its source." This time, the medals were conferred on Army Day, and this made people easily remember the huge sacrifices and great contributions made by the old comrades in opening the new era, founding New China, and building up the People's Army. As many young comrades have eulogized with deep feelings, the old comrades are seeds of the People's Army and pillars of the developed People's Armed Forces. Our Army, which has grown from a small and weak one to a big and strong one, is now acting as a firm pillar for the people's democratic dictatorship and a major force for safeguarding world peace. All this must be attributed to the hard efforts of the old comrades. Comrade Dong Biwu once wrote a verse: "The distinctive merit cannot be described by any word." The four types of glittering medals of honor epitomize our army's course of hard struggle in the past 61 years. Now, as they are worn on the chest of the old comrades of the revolutionary Army, they embody the award of history and the commendation of the times, and give expression to the party's loving care for the old comrades and the people's respect and best wishes for them. We are greatly exultant and inspired when seeing that the old comrades attain such noble honor.

The medals conferred on the old comrades symbolize the commendation of their heroic deeds and the eulogy on their revolutionary spirit. The meritorious deeds of the old comrades are like a steel Great Wall, and the foundation of the Great Wall, which will last forever, is their revolutionary spirit. The old cadres of our Army are founders and promoters of the glorious traditions of our Army. Their spirit of serving the people wholeheartedly, persevering in struggling for the revolutionary ideal, obeying the party's leadership, and strictly observing discipline with the overall interests in mind, their hard-working and pioneering spirit of surmounting all difficulties, their selfless and dedicating spirit of being ready to sacrifice themselves, and their noble morality of loving the motherland, loving the people, and loving socialism vividly embody the proletarian character of our party and our Army, and are the magic weapon for winning the victories in the revolutionary cause and are an invaluable spiritual treasure. The heroic deeds of the old soldiers are imprinted on the mountains and rivers of the country, and soldiers of the younger generations deeply respect and admire the noble spirit and moral integrity of the old comrades. Undoubtedly, the conferment of medals of honor on the retired army cadres will be a round of vivid education in the revolutionary traditions for the whole Army and entire society, and will certainly boost the morale of the troops, straighten out the public conduct in our country, effectively promote our army's revolutionization, modernization, and regularization process, and give a great impetus to the building of socialist materials and spiritual civilization in our country.

All comrades in our Army deeply understand that when commending and giving awards to the old comrades, the Central Military Commission also gave us a task of

further learning from the old comrades and taking good care of them. The whole Army should respect, learn from, take care of, and cherish the old comrades. This should become the order of the day in the Army. When extending congratulations to the old comrades, we must do a better job of respecting the old comrades. The leading and functional departments concerned at various levels, as well as all comrades, should always give thought to the well-being of the old comrades. All comrades who can do something to make the late years of the old comrades happier should work seriously to help the old comrades solve various difficulties by all possible means and really bring benefit to them. Among other duties, the duty of the responsible comrades and working personnel in various cadre sanatoriums is particularly heavy. They must realize that they are entrusted by the party to take care of the old comrades on behalf of all comrades in arms. They are working in various glorious posts. They should serve the old comrades wholeheartedly, properly and carefully arrange the daily lives of the old comrades, and meet their needs in housing, travelling, and medical services so as to turn our respect for the old comrades into high-quality service actions.

Showing respect for old people is a fine tradition of the Chinese nation, and is also normal conduct in our society. We gladly see that after the news about the conferment of medals of honor on the retired army cadres was announced, the people of all nationalities in all social circles, from naive children to the elderly people, all expressed warm support for the decision made by the Central Military Commission and approved by the NPC Standing Committee, and this showed their sincere love and care for the retired army cadres. Many localities and units also organized activities to give publicity to the revolutionary deeds of the old soldiers of the Red Army and the Eighth Route Army so as to prompt the people to learn from the revolutionary spirit of the soldiers of the older generation and form the common practice of showing respect for the old people in society. All facts show that the people will never forget those who have made contributions to the revolutionary cause and have dedicated themselves to the happiness of the people. All society should show respect for the historical merits of the old comrades, and also take good care of their present well-being. Here, we sincerely hope that all organizations will pay more attention to the living conditions and well-being of the retired comrades. In particular, the youngsters should be guided to show respect for and learn from the soldiers of the older generation. Our old comrades also will better cherish and maintain their historical honor and carry it forward.

Many old comrades are right to say that the conferment of medals on retired army cadres is an unprecedented event. The 10-year reform has achieved remarkable results and has brought about the new situation of stability, unity, and prosperity. The further development of this good political and economic situation still relies on further in-depth reforms. At present, the reforms in

our country are at a crucial juncture. The reforms in the Army, especially the reform of the cadre system in the Army, have also come to an important juncture. At this time, it is more necessary for all of us to unite as one to brave the difficulties and risks and advance the reforms. Undeniably, people living in peace are apt to forget the hardworking spirit. At the crucial moment of the reforms, the commendation of the great contributions and revolutionary spirit of the old comrades is of special significance. The revolutionary "Long March" has to be carried forward by younger successors. All comrades in arms, let us work hard, dare to sacrifice ourselves, maintain incorrupt behavior, and continue to make revolution to our late years as the old comrades did so as to make fresh contributions to the fulfillment of the new historical tasks in the new period.

Congratulations to our glorious old comrades and old leaders!

PLA Benefits From Northern Maneuvers

OW0608143488 Beijing XINHUA in English
1205 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—The People's Liberation Army (PLA) has gained new experience in fighting in hot, damp weather through maneuvers that ended today in Shanxi Province, north China.

The exercise was staged by a group army under the PLA Beijing Military Command in an area enclosed by mountains, where the air temperature averaged 35 degrees centigrade and the ground surface temperature, 53 degrees.

According to military sources in the Chinese capital, the troops exercised their tank, armored, artillery, communications, reconnaissance and antichemical warfare skills in hot, damp weather and heavy rains.

During the exercise, the army also found new ways of preventing heatstroke and protecting sophisticated weapons from being affected by high temperatures and humidity.

Zhao Warns Retired Cadres Not To Do Business

HK0608021288 Hong Kong WEN WEI PO in Chinese
2 Aug 88 p 1

[Report: "Zhao Ziyang Places Ban on Retired Cadres Rendering Paid Services"]

[Text] According to a news dispatch from Shenyang, on 27 July the CPC Central Committee General Secretary Zhao Ziyang pointed out: Retired cadres are encouraged to make the most of the remainder of their life but are not encouraged to render paid services. If we do not pay attention to this problem, it will cause great trouble. Zhao Ziyang continued: Viewed from the present situation in China, such action has quite a few drawbacks, which will create much confusion in the economic

undertaking, hinder the development of reforms in many fields and the establishment of a new order for the socialist commodity economy, and prevent the party's work style from being rectified. Therefore, retired cadres must be strict with themselves.

The problem of doing business, running enterprises and holding concurrent posts in enterprises by party and government organizations and party and government cadres has aroused great attention among top officials of the CPC and a circular strictly prohibiting this has been issued. But the problem of employing their previous positions to render paid services by retired cadres is yet to be dealt with. When making an inspection visit to the three provinces in northeast China recently, Zhao Ziyang discussed the problem with local party and government leaders. This merits our attention.

Commentator Views Present Economic Situation
HK0808093688 Beijing JINGJI RIBAO in Chinese
27 Jul 88 p 1

[Commentator's article: "Comments on the Present Economic Situation"]

[Text] The question of how the national economic situation stands is of vital importance to our reform.

The first half of this year witnessed high industrial growth, an improvement in the economic results of enterprises, a good harvest of summer crops, and a continuous increase in the state's financial revenue, the enterprises' retention of profits, and urban and rural residents' incomes. In all honesty, this is a rare excellent situation. When reform has entered the crucial stage, with such an excellent economic environment, we have greater confidence in our future.

True, at the moment economic operations are affected by some unstable factors. For example, although the scale of investment in capital construction has been brought under control, the present scale is still beyond the country's capacity with its available resources. Meanwhile, economic results, though already improved, still fall short of our expectations. On the other hand, the imbalance between total demand and supply has been aggravated daily and commodity prices have increased by a considerable margin. All these problems should certainly be brought to our attention. But, however, they are minor problems and must not be exaggerated as the main trend of economic development. Some people have exaggerated the unfavorable aspects of the current economic situation and even suggested that 2 to 3 years should be allowed for an improvement in the economic development prior to the introduction of the price reform. Their view is incorrect.

It would be unrealistic if one dreamed of an economy immune to all problems. Some contradictions arising from reform are normal and inevitable. The crux lies in the development of these contradictions. In the past few

years, when economic development was accelerated, many contradictions were aggravated: For example, product quality declined, there was overstocking of products, economic results were poor, the scale of investment in capital construction was out of control, and so on. Although the growth rate is a little bit too high for the time being, the above contradictions have been eased—in the first half of this year, the quality of industrial products has remained stable or has been improved; the output of marketable products has been increased remarkably while stocking has been basically eliminated; overall labor productivity has been raised by 9.2 percent; profits and tax revenue have increased side by side; and investment in capital construction has been brought under control while the investment structure is being rationalized.

In observing and studying the situation, we should see its main aspects and overall development. We should treasure the current excellent economic situation and seize this good opportunity to boldly carry forward the price reform. Meanwhile, we should conscientiously solve the existing problems and further create a sound environment to pass through the ordeal of price reform.

First, it is necessary to continue to keep the scale of investment under control and to maintain a moderate production growth rate. As a matter of fact, without a comparatively high economic growth rate, many problems can hardly be solved. Therefore, as far as specific localities and departments are concerned, if they have the means to develop their economies at a higher rate, they should refrain from going slow and if they are not in a position to go faster with their economic development, they should not force themselves to do so.

Second, it is necessary to further improve the contracted management system for enterprises, carry out the reform of enterprise mechanisms in depth, strengthen internal administration, and improve economic results. In improving efficiency at present, we should rely on a good policy, an improved contract system, technological progress, and all the more, on strict advanced management. Every enterprise should pay attention to raising its managerial level and boost the productive forces and efficiency through improved management.

Third, it is necessary to shift consumer demand from one field to another so as to ease the supply-demand contradiction. The current excessively swelling demand has had a negative impact on many fields of endeavor. To bring demand under control, we should turn some demand into supply while appropriately tightening money supply. For example, private investment should be allowed and enterprises encouraged to issue shares among employees so that the latter can buy them and become shareholders.

Fourth, it is necessary to curb the practice of comparing and competing with each other in jacking up prices. Price reform should be conducted in a planned and

step-by-step way. Not only can arbitrary price hikes upset the overall plan but they can also lead to inflation. We should work hard to prevent the emergence of such a situation.

New 'Torch Plan' To Boost Hi-Tech Industry

OW0608154788 Beijing XINHUA in English
1344 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—China's State Science and Technology Commission has worked out a new plan, called the "Torch Plan", to promote the commercialization of hi-tech and new technology research results, and boost hi-tech industry.

Vice-Minister Li Xue of the commission disclosed at a national meeting on the Torch Plan, which opened here today, that by 1990, China will establish 1,000 to 2,000 enterprises armed with hi-tech or new technology.

In the next three years, he said, these enterprises will develop 2,000 kinds of hi-tech products. Of which, 30 percent will be for export.

He said the Torch Plan will attract 100,000 scientists in order to develop hi-tech products or set up hi-tech and new technology enterprises.

During the implementation of the plan, the government will train 20,000 business management and overseas trade personnel, the vice-minister said.

Also, the State Science and Technology Commission will, in cooperation with other departments, establish some service centers for hi-tech enterprises in the open coastal areas and major hinterland cities, he added.

So far, China has built or is building over a dozen experimental areas for new technology development, including the Beijing Experimental Zone, described as "China's Silicon Valley", for the development of new technology industries, which covers 100 sq km.

The vice-minister said his commission is now consulting with departments concerned to work out a program for the development of new-technology industries and relevant policies and regulations. It is also hoped to establish supporting service systems in terms of information, funding, marketing, legislation, consultancy and personnel training.

The torch plan will give priority to those products with technology related to such fields as micro-electronics and computers, information and telecommunications, bio-engineering, new materials, lasers, new energy development, and energy saving, mechanical and electrical equipment.

Song Jian Reaffirms Plan

OW0708021088 Beijing XINHUA in English
1420 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—State Councillor Song Jian said that in developing the country's hi-tech and new technology industries, China must adhere to the open policies and push its hi-tech products onto the world market.

Addressing more than 100 officials in charge of scientific management and research work from across the country at a meeting here today, Song said the implementation of the strategy for development of the export-oriented economy along the coastal areas offers an opportunity to boost the country's hi-tech and new technology industries.

China should train a large number of entrepreneurs who are scientists as well as business managers adept at handling the world market, Song said. He added that measures must be taken to encourage scientists engaged in international cooperation.

In implementing the new plan—the "torch plan"—aimed at promoting hi-tech and new technology industries, Song said, the government will develop new technology industries in a planned way, so as to gradually increase the proportion of new technology industries in the country's industrial structure.

Meanwhile, the government should also encourage scientists from research institutes, institutions of higher learning and large enterprises to run nongovernmental enterprises with their own funds in developing hi-tech or new technology products.

Song pointed out that priority should be given to those hi-tech products easily saleable on the world market and adaptable to Sino-foreign cooperation.

He asked the departments at various levels to offer consultancy services and favorable policies for the development of hi-tech and new technology industries.

The research findings achieved by the country's major scientific research programs with funds granted by the state should be transferred to enterprises and turned to good account as far as productivity is concerned as quickly as possible, he urged.

Shanghai Bank Branch Expedites Foreign Exchange

HK0808061388 Beijing RENMIN RIBAO in Chinese
1 Aug 88 p 2

[Report by Mei Hongru (2734 3163 1172): "Shanghai Branch of the Bank of China Speeds Up Foreign Exchange Settlements"]

[Text] To adapt itself to the new competition situation the Shanghai Branch of the Bank of China is working hard to improve its service and to learn, with an open

mind, from international banking institutions, efficient ways of settling accounts. The time required for exchange settlements has thus been much reduced: The time for exchange settlements for exports to Hong Kong and Macao has shortened from 14 to 7 days and for exports to foreign countries to about 11 days less than the 20 days in the past.

Before 1984, foreign exchange business in Shanghai was basically monopolized by the Shanghai branch of the bank. Since then the Shanghai branch has faced competition from a dozen or so Chinese and foreign banking institutions. The Hongkong Bank and three other banks established by foreigners and Overseas Chinese in particular, with their extensive overseas connections and unique business practices, have been winning away clients, thus making the competition more intense.

In the face of formidable challenges the Shanghai branch has cultivated a sense of competition, efficiency, and service and tries to attract clients by means of good service, thus winning the initiative.

The key to better service lies in efforts to speed up exchange settlements. The Shanghai branch aims at high speed and good quality in executing settlement procedures, such as notification of the issuing of letters of credit, checking documents [shen dan 1399 0830], mailing documents [ji dan 1376 0830], collection of foreign exchange, and exchange settlements. In the past, the bank arrogantly posed as a government commercial organization and waited for foreign trade firms to approach it. In the event that it discovered anything wrong with the documents and certificates it simply returned them to the firms and dragged its feet. Now, it sends people and cars to collect or return documents on a daily basis, in order to speed up the exchange settlements. On their own initiative, leaders from the bank frequently visit firms and the relevant departments to ask for opinions and suggestions, and to try to improve the relations between the bank and the trade departments and firms. The branch has set up a public relations section to relay information and answer questions so as to make exchange settlements more efficient. Now the time required for the settlement of an account at the Shanghai branch is about half that in the past. Comrades in the municipal textiles import and export corporation's finance section have compared the time required for exchange settlement at the Shanghai branch and that at certain banks established by Overseas Chinese or foreigners and found that the former does the work faster.

In competition, the Shanghai branch learns with an open mind from the strong points of its adversaries. Now it provides a new series of services such as issuing export documentary bills, exchange settlements at regular intervals, issuing bills discounted on the basis of usance letters of credit [yuan qi xin yong zheng xia de piao ju tie xian 6678 2601 0207 3938 6086 0007 4104 4384 2207 6317 3807], and so on.

Shortage of funds is a common problem among foreign trade firms and export and production enterprises. The Shanghai branch helps enterprises solve their problems by issuing outward documentary bills so that enterprises can draw money from banks in China through exchange settlements to meet their needs immediately after the delivery of their goods and before banks in foreign countries transfer the foreign exchange payments.

Competition has led to higher efficiency as well as risks. In the past the Shanghai branch used to conduct exchange settlements with business firms after receiving money from banks abroad, so that they could ensure the profit in all circumstances. Now, exchange settlements precede the receipt of foreign exchange payments and the bank accepts the risk. To solve this problem it has to have crack personnel. Therefore, the Shanghai branch has deepened the reform of its internal management. Concentrating on the checking of documents, which is an important link in exchange settlements, they have abolished the management system which was characterized by the practice of "eating from the same big pot" and introduced the quota system for work, so that the people who work harder receive better pay. The average time between the receipt of a set of documents and their checking and mailing to foreign countries is kept below 1.8 working days and errors are kept below one per thousand. Quotas are assigned downward to sections, groups, and individuals. There is differentiation in the distribution of premiums. Those whose performance is good are encouraged and those whose performance is poor are punished. The new management system has aroused the staff members' enthusiasm for work. The young people among them try their best to get a university education in their spare time to improve their professional competence.

Commentator Lauds Bank

HK0808061588 Beijing RENMIN RIBAO in Chinese
1 Aug 88 p 2

[Commentator's article: "There Should Also Be Competition in Banking"]

[Text] By enthusiastically improving its service and by speeding up exchange settlements, the Shanghai Branch of the Bank of China has succeeded in winning clients. Their experience shows that high efficiency grows out of competition.

For a long time China has let authorized specialized foreign exchange banks monopolize the settlement of accounts in foreign trade. In exporting goods, foreign trade firms could only ask these authorized banks to convert foreign exchange for them. In addition they also relied on them for loans if they did not have enough capital. This system has done much harm to the country's export trade. First, capitalizing on the fact that enterprises rely on them, the banks arrogantly posed as government commercial organizations. Although the enterprises did not like this they dared not complain,

fearful that the banks would be "angry with them." Under this "centralization" people dragged their feet and efficiency was low. Unlike foreign banks, we converted foreign exchange very slowly and in a very backward way. Our banks did not convert foreign exchange for foreign trade firms until they received foreign exchange payments from foreign banks. This traditional way of doing business has long been rendered outmoded by the ever-changing situation in the "commercial war." Today, the world's banks have generally replaced their old practices by issuing export documentary bills and other new settlement practices. However, such highly efficient practices were rejected in this country.

At the time when the banks and trade firms were still "eating from the same big pot," people did not pay close attention to this problem. However, as a result of the application of the contract system in foreign trade enterprises have begun to pay close attention to their economic results, thus setting increasingly stricter demands on the banks. If we try to uphold the old system and turn a blind eye to competition and efficiency we will seriously impede development of the export-oriented economy.

To put an end to this centralization the State recently allowed branches of the Industrial and Commercial Bank, and some other financial and banking organizations in the coastal provinces and cities and cities directly under the central government, to conduct foreign exchange business and has allowed a few foreign banks and banks established by overseas Chinese in the special economic zones and Shanghai to start or develop their foreign exchange business. This indicates that settlement of accounts in our foreign trade has reached a new developmental stage: The system whereby a certain bank monopolizes a certain type of business is being shattered, and market mechanisms permitting multilateral competition are being phased in.

The introduction of competition mechanisms has many advantages. Foreign trade enterprises are no longer like sheep tied to a pole and people can no longer easily order them about. They are gradually becoming free traders in the market and they have every right to select their own partners from among the banks. All this makes it necessary for the banks to: Consciously improve their relations with the enterprises; turn the idea that "the clients are the most important" into their guiding principle; strive to raise efficiency; and improve the quality of their services.

Monopolization has now been replaced by multilateral competition. To adapt themselves to competition the banks must reform those organs and management systems that are not fitted to it. They should take advantage of competition to promote and deepen reforms.

As the number of financial and banking organizations participating in the export-oriented economy increases, the relevant management departments should promptly: Formulate the relevant policies, laws, regulations, and

measures; strengthen supervision and guidance; and introduce a fair and orderly environment for competition among enterprises to ensure that competition will develop in a healthy way and facilitate the development of the export-oriented economy.

Price Control on Export Products Strengthened

HK0808110788 Beijing CEI Database in English
8 Aug 88

[Text] Beijing (CEI)—The Ministry of Economic and Foreign Trade recently announced three more stipulations to strengthen price control over export products.

No departments or units should raise overtly or covertly prices that have been set by the government for export products. Enterprises that must raise prices for such products due to price hikes for raw materials, must ask for permission according to the rules on price control limits. It warns against any rush buying at higher prices on any pretext.

On the export of popular agricultural and sideline products in short supply, the local departments concerned should set reasonable purchasing prices for foreign trade enterprises. The ceiling prices for some export products should not be surpassed at will.

Rush purchasing of export goods at inflated prices is strictly forbidden among ports, regions, and enterprises. Foreign trade companies must not trespass their business scope, it is stipulated.

Cigarette, Liquor Prices, Supplies Stabilize

OW0808090588 Beijing XINHUA in English
0606 GMT 8 Aug 88

[Text] Beijing, August 8 (XINHUA)—Prices of China's top brand cigarettes and spirits are leveling-out after the government allowed them to float according to market demand, and a supply-and-demand balance has almost been reached.

According to today's "PEOPLE'S DAILY," for the first time on July 28, state-run shops and markets were allowed to sell and set the prices on these commodities.

Even with price controls lifted, the retail price in shops was still cheaper than "black market" prices, so all supplies were sold out the first day in Beijing, Shanghai and Tianjin, the paper said.

That afternoon, more than 30 Beijing outlets agreed to raise the prices even higher, and in response, other cities nationwide also made two more price adjustments.

On July 31, prices started to level-out, panic buying slowed down, and commodities once in short supply are now available.

Overgrowth of Enterprises Cause Price Increases
HK0808075688 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 8 Aug 88 p 2

[Yuan Zhou]

[Text] The current "company craze" is too hot and must be cooled down immediately, commercial administrators said.

The administrators believe that many new business firms, especially those run by government organizations, are profiteering in scarce goods. This has accelerated spiralling price hikes of goods in short supply.

The boom started in 1985 when 300,000 business firms were registered nationwide. Government screening reduced the number to 180,000 in mid-1986. However, the number shot up to 360,000 last year.

An official at the State Administration for Industry and Commerce said more and more businesses are applying for registration.

"The number of companies this year has exceeded that of last year, with about 400,000 registered," he said.

In Beijing, by the end of May this year, 723 new companies had been set up in less than five months.

During this period, 86 national business firms were registered in the names of central governmental departments.

To curb this, the administration has drafted some measures, BUSINESS WEEKLY was told.

The administration's draft measures, being revised by the State Council, will tighten control of new companies except those foreign-invested and private businesses, and ban or limit the operations of many existing companies.

According to the draft measures, new companies at the local level must be endorsed at least by governments at the county level.

National companies, must have a title starting with the word "China" and have a registered capital of at least 200 million yuan. They will have to be approved by the State Council.

Companies which have administrative functions must either become genuine business firms or government offices. Otherwise, they may be banned.

According to the draft rules, government officials will have to surrender their positions in companies or resign their government or party posts.

Retired officials may lose a part or the whole of their pensions plus other privileges if they work for companies.

Officials said a deadline may be set for the completion of this new screening of companies.

According to business administration officials, there are four main reasons for the "company craze."

First, some businesses and institutions set up companies to provide jobs for redundant staff whose positions have been eliminated in the reform programme.

Second, some government offices want to bring in more bonuses for their employees.

Third, many government and non-governmental organizations hope to solve the problem of a shortage of funds and low pay for their staff through profits from subsidiary companies.

Fourth, some retired officials choose to hold active positions in such companies and use their influence and connections to make profits.

There is a controversy about whether the government should put a damper on the current business trend altogether.

The ECONOMIC DAILY comments that the number of Chinese businessmen is still "pitifully small," and many ambitious people are doing business because they are not satisfied with their rice-bowls in State institutions and enterprises.

For new collective or private enterprises, business activity may help them become genuine economic entities responsible for their own production and marketing, the paper says.

The paper calls profiteering by government officials and offices as "sheer illegal practice." It says that only by removing these tumours from the national economy can the price reform benefit the country and the people.

Last week, Nantong City government in Jiangsu Province banned seven companies and started investigating 23 others run by government offices or retired officials.

All of these companies are virtually consulting firms. The retired officials could get scarce goods by simply calling up their connections.

Because of their dual administrative and business nature, many Chinese companies are profiteering by taking advantage of disparities between the State-fixed prices and market prices, officials say.

Paper Attacks Egalitarianism in Distribution
OW0608132188 Beijing XINHUA in English
1209 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—The "GUANGMING DAILY" today attacked egalitarianism in distribution in China and cited the people's complaints about social unfairness.

As China tackles wage reform, there arises a contradiction between the socialist concept of fairness and the issue of monetary incentives.

The daily came down firmly on the side of the latter: "Without efficiency, it is impossible to achieve a big increase in social productivity."

Under the old system, it said, social fairness in China was achieved at the expense of efficiency, resulting in egalitarianism which dominated the Chinese concept of wealth distribution for decades and still finds expression in people's thinking today.

For instance, it said, high bonuses are distributed in almost all enterprises no matter whether they are well managed or not.

At present, both egalitarianism and excessively high incomes for a small number of people are problems that need to be solved. But the most important thing is to deal with the former in the wage system reform, the paper said.

Some people should be allowed to get rich before others and the new system should aim at promoting fairness in the process of improving efficiency, it added.

It admitted the existence of such unfair phenomena as low pay for intellectuals, wealth gained through power abuse by some officials and too big a gap between private traders and employees in collective- and state-run enterprises.

The daily attributed these problems to imperfections in government policies and the legal system, but said they should be solved in the future reform.

The crux of the question is to create a social environment in which equal opportunities are guaranteed, it said, adding that in present-day China, many people are poorly paid not because of their lack of capability but because of the lack of equal opportunities.

However, in recent years, China has been working to encourage personnel exchanges among different enterprises and institutions, and attempting to establish a civil service system.

Therefore, there are reasons for people to be optimistic about the solution of these problems, the commentary concluded.

Scientists Favor Reform of Wage, Bonus System
OW0508155388 Beijing XINHUA in English
1121 GMT 5 Aug 88

[Text] Beijing, August 5 (XINHUA)—Most Chinese scientists and technicians favor China's on-going reforms, considering them essential to the country's science and technology development.

According to a survey conducted by the Jiangsu Provincial Science and Technology Commission, about 60 percent of those surveyed said yes to questions on the need to restructure the current research system.

Results of the survey were published in today's "PEOPLE'S DAILY."

Those filling the questionnaire were all research group leaders in Jiangsu-based institutes run by provincial authorities or by central departments, who accounted for about four percent of the total workforce in these units.

They listed the following as the changes brought about by the reforms they were most satisfied with: the political situation being improved, people's minds liberated, conventions done away with and individual talents respected.

Asked what should be the most important reform measures in the fields of science and technology, the replies were: reform of the research fund allocation system, introduction of the system with institute directors taking full charge, delegating greater decision-making powers to research institutes, opening up technical markets, combining research with production and liberalizing the flow of personnel.

On the question of "what is your greatest expectation of the reforms", the first three answers were: "overcoming bureaucracy", "reforming the wage, bonus and housing distribution systems under the principle 'to each according to his work'" and "reforming the personnel structure to boost people's initiative".

The greatest complaint, was "those developing missiles earning less than those selling boiled eggs" as one scientist put it.

Rural Economy Increasingly Important, Growing
OW0708094088 Beijing XINHUA in English
0759 GMT 7 Aug 88

[Text] Beijing, August 7 (XINHUA)—Rural China witnessed a big economic growth in the last decade with its proportion of social products in the national total increasing from 29.8 percent in 1978 to 40.9 percent at present, according to the State Statistics Bureau.

In 1987, rural social products amounted to 943.2 billion yuan, 2.3 fold more than the 1978 figure and showing an average annual increase of 14 percent, the bureau spokesman said.

"This indicates that rural economy now occupies an increasingly prominent position in the Chinese economy as a whole," he added.

Last year, each of the rural laborers produced a social product of 2,400 yuan, 1.5 fold over the figure ten years ago. The grain each of them produced in the same year reached 1,286.3 kilograms; cotton, 13.5 kilograms; oil crops, 48.6 kilograms; pork, beef and mutton, 63.1 kilograms; aquatic products, 30.4 kilograms.

Compared with ten years ago, all of them have registered big increases, from 19 percent to 1.6 fold, the spokesman said.

Increases are also found in per hectare yield during the same period. In 1987, the per hectare yield of grain was 3,630 kilograms, cotton 870 kilogram and oil crops 1,365 kilograms, increasing by 43.2, 93.3 And 62.5 Percent respectively.

In addition, more rural products have gone on the market. In 1987, marketable farm by-products accounted for 58.2 percent of the total and industrial and agricultural products made up 69 percent of the total, up 13 and 15.3 percent over the 1978 figures.

The overall economic development in rural China has ensured ample raw materials for the country's light industry, increased farmers' income and helped accumulate more funds for the further growth of itself.

By the end of 1987, more than 60 percent of China's large- and medium-size farm machines and the overwhelming majority of small machines were in the hands of individual peasants.

Meanwhile, export earnings of agricultural by-products and their processed goods totalled 16.34 billion U.S. dollars, 10.23 billion more than in 1978, the spokesman said.

Baoshan Iron, Steel Complex Group Set Up
HK0808085788 Beijing CHINA DAILY in English
8 Aug 88 p 2

[By staff reporter Chen Weihua]

[Text] Shanghai—Baoshan Iron and Steel Complex Group, one of the largest enterprise groups, will be set up today.

The 50 members of the group include such well-known firms as the No. 1 and No. 2 Automotive Works and Shanghai Volkswagen Automotive Co Ltd. They have fixed assets of more than 17 billion yuan.

The aim of the group, taking Baoshan Iron and Steel Complex as its centre, is to give full rein to all its members in the fields of research, design, equipment supply and manufacture, raw materials, transportation, foreign trade, finance, machinery, automotive, chemicals and light industry.

Many foreign firms as well as Chinese companies and universities want to join, but it has to limit its scale, according to a top official of the group.

Baoshan Iron and Steel Complex is the biggest investment project in China since the founding of the People's Republic of China in 1949.

Total investment in the first two phases, scheduled to be completed by 1991, is about 25 billion yuan. The investment for the third phase, which is awaiting approval from the State Council, is expected to be 15 billion yuan.

Upon completion of the three phases, the complex will be able to produce some 10 million tons of steel, one-sixth of China's present output.

Its cold-rolled works, the largest in China with an annual output of 2.1 million tons, will start production next month.

One unusual characteristic of the group is that it has four members from the financial circle—the Shanghai Branch of China Industrial and Commercial Bank, China People's Construction Bank, Bank of Communications and Bank of China.

In addition, it has members in the foreign trade field, such as China National Technical Import and Export Corporation (CNTIC), which introduced most of the foreign equipment and technology for the Baoshan complex.

It has a total staff of 470,000.

According to an official of Baoshan, many members of the group, such as Volkswagen, are waiting for high-quality steel products which they cannot find elsewhere in China.

The group recently won the bid to build a subway station, with an investment of 52.15 million yuan.

Its business includes contracts for projects at home and abroad, technology transfer, personnel training, leasing and the setting up of ventures with foreign partners.

RENMIN RIBAO Article on Interest Rates Cited
OW0508144688 Beijing XINHUA in English
0956 GMT 5 Aug 88

[Text] Beijing, August 5 (XINHUA)—Today's "PEOPLE'S DAILY" suggested China's banks pay higher interest rates to curb inflation, encourage people to deposit more in their savings accounts, and improve enterprise management.

Zhao Haikuan's article said, "Funds are gradually becoming a commodity on China's money market and the interest rate is the cost of this commodity."

According to the laws of economics, Zhao said, when the demand for a commodity is bigger than supply, the price of the commodity should be increased.

Control over price increases can only widen the gap between supply and demand, the article went on, adding because China's interest rate is too low, the actual supply-and-demand situation is not apparent, so people don't want to put money in the bank.

Zhao's article attributed the major reason for this year's recent slow down in savings deposits to low interest rates.

According to an earlier report by the "FINANCIAL NEWS," China's savings deposits increased by 34.59 billion yuan (9.4 billion U.S. dollars) during the first five months of this year, or 2.6 billion yuan (702 million U.S. dollars) less than the increase logged during the same 1987 period.

The article stressed the importance of bank savings deposits and said the role of securities in increasing construction funds should not be over-estimated.

A survey of 18 Beijing savings banks last November showed the major source of securities issued by industrial and commercial banks came from residents' savings deposits and accounted for 89.3 percent of all securities sold.

Also, low interest rates are responsible for the ever-increasing demands enterprises make for bank loans, which make it easier to buy raw materials in short supply and resell them at high prices.

Since prices are climbing faster than interest rates are increasing, enterprises may get enough money by reselling commodities bought with loans to pay the interest and still earn profits.

"The existing interest rate can only increase enterprises' irrational demands for funds, and encourage firms to borrow as much as possible," the article said.

Although efforts have been made to keep banks supplied with funds, the demand for loans increases even faster and forces the central bank to issue more currency which results in inflation, Zhao explained.

Appropriate interest rate increases would help sustain a proper speed of economic development, decrease demands for loans, and stabilize both prices and currency value, the article said.

Scientists, Technicians Launch Economic Ventures
OW0808090888 Beijing XINHUA in English
0537 GMT 8 Aug 88

[Text] Beijing, August 8 (XINHUA)—Thousands of China's scientists and technicians are setting up economic ventures which combine their skills with technology, industry and marketing.

Encouraged by the country's scientific management system reform and the State Council's push for scientists and technicians to assist with the economic development strategy for coastal areas, China's scientific and technological personnel are getting more involved in building up the economy.

Hi-tech companies organized by research institutes affiliated with China's Academy of Sciences now number more than 400, compared with last year's 200. Several hundred institutes of research and higher learning have applied to open hi-tech enterprises in Beijing's new technological development test zone during the past few months.

Many regions and departments have drafted policies to encourage continuation of the country's management system reform, with Jiangsu, Shandong, and Hebei all having detailed plans to use science and technology to make these provinces prosperous.

Thousands of scientists and technicians have been elected as mayors, county magistrates and village heads in Shandong, Hebei and Fujian Provinces which followed the success of many individuals in these fields appointed to leadership posts in poor areas of Northeast China's Liaoning Province.

Various technological contractors made up of scientists and technicians in rural Hebei Province have encouraged other areas to set up these groups which now number 900 nationwide, with more people getting involved and the contracting scope broadening.

Some 400,000 scientists and technicians all over the country are offering their expertise to help apply newly-developed technology in rural counties and villages as part of the country's "sparking plan."

More cities, including Beijing, Wuhan, Nanjing, Shanghai, Shenzhen, Guangzhou, Tianjin and Shenyang, are drafting overall plans and preferential policies for hi-tech development zones, and also collecting funds for production projects which will promote hi-tech industry locally.

Demand for Ready-Made Clothes Exceeds Supply
OW0508163088 Beijing XINHUA in English
1143 GMT 5 Aug 88

[Text] Beijing, August 5 (XINHUA)—China should strive to boost its garment industry to cater to the increasing demand for ready-made clothes.

This is the conclusion of a survey conducted in 100-odd units and departments in 24 provinces and municipalities by the China Clothing Research and Design Center, XINHUA learned today.

It reveals that over the past 30 years spending on clothes has increased by 900 percent, and by the turn of the century the country will have to produce eight billion garments a year to meet the needs of its 1.2 billion people.

It estimated that this year each person needs 2.4 pieces of ready-made clothes, but the country can only turn out 0.9 pieces.

"Therefore, China should promote the commodity economy and seek more foreign funds to modernize its garment industry," the report advises.

Tobacco Sales Management To Be Strengthened
HK0508135788 Beijing CEI Database
in English 5 Aug 88

[Text] Beijing (CEI)—Director of the China Tobacco Exclusive Sales Bureau Jiang Ming pointed out that China has recently lifted the price control of 13 brands of cigarettes. This does not mean that the state will abolish its exclusive sales management, which should be further strengthened, he said.

Jiang said that the state tobacco exclusive sales bureau will continue to strengthen its exclusive sales management in the following aspects to safeguard the interests of the state and consumers:

1. to stick to planned production and production at authorized plants and carry on the work of closing and suspending unauthorized tobacco factories to prevent fakes;
2. to insist on licence management of the production and trading of cigarettes including wholesale, retail stores or individual pedlars.
3. the wholesale business should be managed by state tobacco companies.
4. transportation of cigarettes between provinces must be approved by provincial tobacco exclusive sales bureaus;
5. other brands of cigarettes must be sold at the state prices, except the 13 brands of cigarettes.

Steel Industry Shows Increased Output
OW0808054588 Beijing XINHUA in English
0156 GMT 8 Aug 88

[Text] Beijing, August 8 (XINHUA)—China produced 162,000 tons of steel, 154,000 tons of pig iron and 125,000 tons of rolled steel every day last month.

According to the metallurgical industry ministry, China turned out 35.01 million tons of steel, 33.05 million tons of pig iron and 27.62 million tons of rolled steel during the first seven months of this year.

A ministry official said, these figures represent 10.1, 6.9 and 9.9 percent increase respectively over the same 1987 period.

During the first half of this year, China produced 800,000 tons more special rolled steel like steel pipe and steel strips, the increase rate of which is higher than that of rolled steel during the same period.

China hopes to turn out 59 million tons of steel this year, the official said, adding if the industry can keep up the current momentum, output should hit 60 million tons.

Industrial Production Slows Down in July
HK0808105188 Beijing CEI Database in English
8 Aug 88

[Text] Beijing (CEI)—China's fast growing industrial production in the first half of this year began to slow down in July.

According to breakdown made by the State Statistics Bureau, total national industrial output value in July was 97.1 billion yuan, a 15.5 percent rise over July last year, while it registered a 1.7 percent decrease over the growth rate for the first half of this year.

The decrease rate in industrial production in July over June this year was bigger than that last year, with an average drop of 14 percent in daily output value.

In view of industrial production trend, marked fluctuations are reported in the industrial enterprises run by collective units, and their output value in July came down 14.4 percent compared with that in June.

The increase rate for light industrial production was still apparently higher than that in heavy industry, recording a 17.2 percent in July, and marked increases were scored in the output of color TV sets, refrigerators, cameras, beer and canned food.

However, because of aggravated power shortage, heavy industry, and particularly raw material industry, were affected, and the monthly quotas for chemical fertilizer, pesticides, caustic soda, ethylene and cement was not met in July.

The statistics also showed that the shortage of sugar, cotton yarn, paper pulp, aluminium ingots and other raw materials needed for light and textile industries will be more serious in the second half of this year. The freight transport plan for July was not fulfilled.

Tourism Development Discussed in Beijing

OW0608122388 Beijing XINHUA in English
1155 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—China should allow foreign civilian airlines to fly domestic routes on a limited base to help alleviate the country's transportation problem, Chinese scholars suggested.

These scholars, who are meeting in Beijing this week to discuss a study of the country's tourism development strategy, a key state research project, also suggested tourism should not only be labeled essential to national economic development, but also be considered at the local level.

For the first time, they added, the industry was included in the national economic plan for the 1986-1990 period.

During the four-day meeting, tourism experts from all over the country are comparing notes on how to earn more foreign currency from tourism, how to reform the country's travel agencies, and how to better control the tourism market.

A study of the country's tourism development strategy is China's first state key project of its kind, and is being supervised by the State Council's Economic, Technological and Social Development Research Center.

The study includes the influence of tourism on the economy and society, tourism prices, the tourism industry's economic efficiency, trends in international tourism, transportation, personnel training, and tourism reform.

After one and a half years of work, experts have already done research and written reports on 18 different topics, and the overall report is also almost finished.

"These reports are all aimed at solving urgent problems in China's tourism, and are expected to provide a theoretical basis and practical suggestions for decision-making in tourism," one meeting participant from Shanghai said.

"The study itself shows China's tourism development is becoming more scientific," he added.

China's tourism industry took off when the country started the open policy ten years ago, and a lot of changes have taken place since then. In 1987 alone, more than 27 million tourists visited the Chinese mainland from overseas, while foreign currency earnings from tourism during the same year hit 1.84 billion U.S. dollars.

During the first half of this year, the number of foreign tourists has increased about 10 percent.

Melon, Other Fruit Output Increases

OW0708021388 Beijing XINHUA in English
1426 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—Relaxation of price controls has motivated farmers to produce more melons and fruit, a commerce ministry official told XINHUA today.

Last year the output of melons and fruit reached 13.5 kg and 15.5 kg per head—four times and double, respectively, the figures for 1984.

The total output of fruit was 16.68 million tons, 69 percent higher than in 1984, and the output of melons exceeded 15 million tons, three times the figure for 1984.

Compared with 1984, last year farmers increased their income from these products by 6.7 billion yuan, and bananas alone earned them one billion yuan, said the official.

Government Office Directory To Be Published

HK0608051088 Hong Kong WEN WEI PO in Chinese
3 Aug 88 p 1

[Report by Liu Jui-Shao (0491 6904 4801): "Beijing To Publish a Directory of Government Offices Next Year"]

[Text] Approved by the CPC Central Committee Security Committee and the State Council General Office, a "Directory of the Chinese Government Offices" will be published in the first quarter of next year. In the past details of the Chinese Government offices were kept "secret" and such kinds of books were only compiled and published by foreign publishers. China has now decided to publish such a book itself. This is another move toward opening up to the outside world.

Birth Rate Falling in Several Provinces

HK0808075088 Beijing CHINA DAILY in English
8 Aug 88 p 1

[By staff reporter Cheng Hong]

[Text] As a result of new local family planning regulations, the birthrate is falling in several Chinese provinces.

In Sichuan, the country's most populous province, the birthrate has fallen from 18.17 per thousand to 16.70 per thousand, and the natural population increase rate (birthrate minus death rate) has decreased from 11.74 to 10.34 per thousand. Both rates are lower than the national average.

In the first quarter of this year, the situation improved even more: the number of children born in the province was 46,000 fewer than in the same period last year.

With 10 percent of the country's 1 billion population, Sichuan Province is trying to limit its population to within 120 million by the end of the century.

In North China's Shanxi Province, the birthrate has fallen over the past few years. Statistics show that in 1987 the number of children born in rural areas of Shanxi was down by 3,000 compared with the previous year, when there were 10,000 fewer births than in 1985.

The population increase rate in the province is 11.7 per thousand, lower than the average for the whole country.

And in provinces such as Jilin and Zhejiang, the birthrate is also lower than the national average.

Beginning four years ago, China set up experiments in Shandong, Liaoning and Heilongjiang Provinces to allow couples in the rural areas with one daughter to have a second child in a planned way and with an interval of a few years.

"The regulation was introduced to control the number of births outside the plan, and does not mean the State has changed its family planning policy," an official from the State Family Planning Commission said.

He said couples with one daughter were not allowed to have a second child unless everyone in the village had adhered to the family planning policy.

The second-child policy has proved effective in these provinces. Statistics show that in Liaoning Province, the natural population growth rate was 10.1 per thousand last year, lower than the national average of 14.39 per thousand.

And in Heilongjiang Province, where 5,310 villages (37 percent of the total) have adopted the regulation, the birth rate in the province was 11.97 per thousand in 1987.

The official said that more strict measures will be taken in many areas to carry out the State's family planning policy to ensure the population target of around 1.2 billion by the end of the century.

Shanghai Authors Upset by Worker's Libel Suit
OW0508142888 Beijing XINHUA in English
0953 GMT 5 Aug 88

[Text] Beijing, August 5 (XINHUA)—Shanghai writers are upset over a legal case involving a model worker who has taken a writer to court for alleged libel in a biography that turned into a fiction work, "YOUTH NEWS" reported today.

The writers are upset over a decision of the local court on July 17 to hear the case lodged by model worker Yang Huaiyuan against writer Chang Siming.

Yang has contended his name was harmed by Chang's novel, "Cross of Honor."

The case prompted 58 established authors to appeal to the municipal government for safeguards so writers can be free to create fictional works.

"Give us a way out," said one writer, "how can we write anything if even fictional works are sued against?"

It is believed that this is the first time here an author has been sued for a fictional work.

Ru Zhijuan, head of the Shanghai Writer's Association, said literature is ill-served if readers identify themselves too closely with fictional characters.

He urged a law to protect literary freedom.

Author Chang said "Cross of Honor" is not directed at any single person or event.

It deals with contemporary issues in Chinese society, including problems concerning model workers, he said. But the story is fictitious.

"I wrote the work on the Communist Party's call that writers should go into life, write about reality, and promote reforms further," Chang said.

The Shanghai Workers' Press had asked Chang in 1984 to write a biography of model worker Yang.

After several interviews, however, Yang felt at serious odds with Chang on several issues and so refused to see him any more.

"He considered me a country bumpkin, with ultra-leftist views inconsistent with the reforms," said Yang.

"Cross of Honor" was published two months ago and describes the life of a parsimonious model worker.

Yang said the novel contains a lot of material which he supplied Chang including quotes.

He contended Chang has used the novel to vent his personal hatred against him and is thus a form of malevolent revenge.

Minister Calls for Better Prison Management

OW0508151388 Beijing XINHUA in English
1158 GMT 5 Aug 88

[Text] Beijing, August 5 (XINHUA)—Minister of Justice Cai Cheng called here today for better management of its 111 prisons to promote the country's reform of prisoners through labor.

The administration of prisons should be carried out in a more scientific and advanced way, the minister said.

Cai told an ongoing national judicial meeting that no beating or physical punishment of convicts and juvenile delinquents should be allowed and all overlords in prisons should be got rid of.

Besides the 111 prisons, China has more than 720 institutions carrying out reform through labor and over 200 institutions of re-education through labor.

The living conditions of prisoners should be properly improved and more updated equipment and advanced monitoring adopted in prisons, Cai went on. The warden responsibility system, which is currently practised in 57 prisons across the country, should be further implemented on a trial basis.

It is also learnt that in the first half of this year, more than 93,600 convicts had their penalties reduced or were released on probation—13 percent more than the figure for the same period last year—while over 1,590 had their penalties increased, 22 percent down compared with the same period in 1987.

Strengthening Legal Administration Urged

OW0608112788 Beijing XINHUA in English
1112 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—China's leading judicial officials called here today for strengthening the administration of the country's legal service organizations.

Participants at an ongoing national judicial meeting hold that the task has become an urgent matter for China's judicial work.

Legal services organizations in various forms have been set up in all walks of life, even by private traders.

Many such businesses, according to an official at the meeting, have been started without qualified lawyers or the approval of the departments of justice.

It is learnt that there are 15 such organizations in Changchun, capital of Jilin Province.

Some legal service units run by retired judges and procurators are not controlled by the judicial departments.

Some lawyers have collected fees for private services illegally, the meeting was told.

Education Commission on Student Job Assignments

OW0608045688 Beijing XINHUA in English
1339 GMT 5 Aug 88

[Text] Beijing, August 5 (XINHUA)—More than 457,000 college students graduated last month and 430,000 have already been assigned jobs, the State Education Commission announced here today.

Some 23,000 will continue with postgraduate studies.

The graduate students were still assigned in accordance with the State Assignment Plan this year. However, the state has further entrusted decision power to colleges and universities for assignment. Graduates and employing units are allowed to contact each other freely within the State Assignment Program.

In Beijing, the municipal personnel bureau and the higher education bureau have organized a consultation meeting, in which 1,500 work units and up to 10,000 graduates took part in exchanging views on the needs of the society and graduates.

Spokesmen for the State Education Commission said the majority of graduates are satisfied with their assignments. And more graduates have asked to work at grass-roots units at and under the prefectural and municipal levels.

About 80 percent of college graduates from Shanxi and Hubei Provinces have been assigned to work units under the prefectural and municipal levels.

The spokesmen also admitted that problems still exist in graduate assignments. Some work units are still reluctant to accept female graduates, and graduates who major in literature, history, and some other subjects are not welcomed by some work units.

East Region

Anhui Foreign Trade Increases in 1988

OW0708112588 Beijing XINHUA Domestic
Service in Chinese 12 July 88

[Text] The total amount of Anhui's foreign trade in the 1st half of this year reached U.S. \$268 million, increasing by 10.3 percent compared to the same period in 1987. Foreign trade in the fields of textile industry, general equipment, light industry, hardware, chemical industry, pharmaceutical industry, silk industry, metallurgical industry, and food grain, edible oil, and farm machinery industry all registered significant increases.

Fujian Governor Wang Addresses Science Meeting

OW0508120688 Fuzhou FUJIAN RIBAO
in Chinese 23 Jul 88 p 1

[Excerpts] The provincial conference on scientific and technological development sponsored by the Fujian provincial government came to a close in Fuzhou yesterday. [passage omitted]

The meeting was chaired by Vice Governor Chen Mingyi.

Addressing the meeting, Governor Wang Zhaoguo urged the attendees that, under the guidance of the four cardinal principles and the general policy of opening up to the outside world and invigorating the economy, they should make greater efforts to expedite technological development and develop an export-oriented economy. After reviewing the achievements Fujian has achieved in carrying out reforms and opening up to the outside world, the governor pointed out that poor economic performance and an irrational production structure are two prominent problems in Fujian's economic construction. [passage omitted]

He said: Poor economic performance is the main problem impeding Fujian's economic development. Most of the production equipment of Fujian's industrial enterprises are ordinary or obsolete models even by PRC standards, let alone those of advanced industrial countries. Because of the inability to develop new technologies and new products, our enterprises are unable to compete on the changeable domestic and international market; and the management of Fujian's enterprises is also inefficient. Therefore, we must hasten to renovate the old enterprises with advanced technologies and equipment at home and abroad so that they can upgrade their technology, reduce material and energy consumption, and improve the quality of products. [passage omitted]

Wang Zhaoguo pointed out: Rational production structure is essential for sustained economic development. Due to Fujian's weak economic foundation, its production structure as a whole is still unable to keep pace with new requirements. The large number of labor-intensive

industries and the very limited number of capital-intensive and technology-intensive industries in Fujian show that its production structure remains very basic. [passage omitted]

Wang Zhaoguo said: Our policy is clear: From now on, during the course of renovating and developing labor-intensive industries, we should regard the international market as our target and the home market as our base; and, in accordance with the principle of the rational distribution of resources, intensify the construction of basic industries and the infrastructure, and make constant efforts to set up more capital- and technology-intensive industries. Fujian's short-range goal should be to set up more chemical, electronics, metallurgical, machinery, light industrial, textile, foodstuff, and construction materials industries. To upgrade Fujian's industrial structure and to compete on the international market, we should also develop industries of manufacturing precision equipment and new materials. Comrade Wang Zhaoguo stressed that scientific and technological development is essential for optimizing the industrial structure. He said Fujian should transform its traditional industries with advanced science and technology. Meanwhile, we must intensify research and development of new and advanced technologies, make every effort to turn what have been accomplished in research into productive forces, and develop new industries so that Fujian's traditional and new industries can help each other progress and provide strong, sustained support for Fujian's economic development. [passage omitted]

Jiangxi Governor Addresses Development Meeting

OW0508120488 Nanchang Jiangxi Provincial
Service in Mandarin 1000 GMT 31 Jul 88

[Excerpts] A provincial meeting on the construction of poverty-stricken and old revolutionary base areas ended in Nanchang today.

Present today were Wu Guanzheng, Jiang Zhuping, and Pei Dean as well as Xie Xianghuang, Peng Shengxi, and (Huang Yuanqing), special advisers to the former provincial Construction Commission; (Jiang Yi), adviser to the office of the State Council Leading Group for Economic Development in Poor Areas; and representatives of the poor-area support groups of the Ministry of Civil Affairs and the Ministry of Geology and Mineral Resources.

In summing up the meeting, Governor Wu Guanzheng stressed the following four points:

1. In developing poverty-stricken and old revolutionary base areas, it is necessary to lead the masses to develop a commodity economy in a vigorous manner and to quicken the pace of eliminating poverty and becoming better off. This will enable such areas to become better off along with other parts of the province. [passage omitted]

2. The economic development of poverty-stricken and old revolutionary base areas should be included in the provincial plan for economic and social development, and overall planning should be made for a coordinated development of such areas.

3. The economic development of poverty-stricken and old revolutionary base areas should be linked to the major tasks in the province's various stages of economic development. Now attention should be paid to fulfilling the requirements of the provincial party committee and the provincial government for making every possible effort at agricultural development. [passage omitted]

4. Poverty-stricken and old revolutionary base areas should develop their economies by carrying out reform and opening up to the outside world. [passage omitted]

Jinan Commander Li Hears Price Reform Report

SK0708055388 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 6 Aug 88

[Text] At the invitation of the Jinan Military Region, Vice Governor Ma Shizhong gave a report on price reform to the organs under the military region on 6 August. Attending the report meeting were Li Jiulong, Song Qingwei, Zhang Zhijian, Cao Pengsheng, Jiang Futang, Xu Chunyang, Zhang Zonglin, and cadres from the organs under the military region.

In his report, Ma Shizhong described the importance and objective certainty of price reform by referring to the province's actual situation. He specifically analyzed the factors which had adversely affected the price reform and gave an explanation of practical problems, including price hikes, which had drawn much concern from the people.

During the report meeting, Cao Pengsheng, deputy political commissar, delivered a speech in which he urged the broad masses of party-member cadres throughout the military region to fully discern the important significance of price reform, to take the whole situation into account in conducting reform in commodity prices, to take the lead in supporting the government's decision, to set examples in implementing the policy on commodity prices, and to unite as one with the party and the government to mutually share the risk and bridge the difficulty.

Shandong Holds Enterprise Management Meeting

SK0808034788 Jinan Shandong Provincial Service
2200 GMT 7 Aug 88

[Text] The province sponsored a meeting in Muping County to exchange experience gained in conducting democratic management in enterprises and in carrying out research on the theory and policies of trade unions, which closed on 7 August. It was decided at the meeting that issues related to bringing into play the role of trade

unions in conducting reform and how the unions themselves carry out self-reform and self-improvement should be considered the major contents in researching the theory and policies of trade unions in the future

It was pointed out at the meeting: The major problem at present is that some leading administrative personnel are weak in exercising democracy and still have formalism in varying degrees in exercising the rights of the congress of staff members and workers. In particular, enterprises that have enforced the contracting or rental systems have not paid attention to bringing into play the function of the congress of the staff members and workers. All of these problems will be key issues in invigorating democratic management in enterprises.

Joint Group Investigates Corruption in Shanghai

HK0808020088 Beijing RENMIN RIBAO
in Chinese 28 Jul 88 p 4

[Article by the Joint Investigation Group of the Central Discipline Inspection Commission and the Shanghai Discipline Inspection Committee: "Keep the Party and Government Organs Clean—Report on an Investigation and Thoughts From Shanghai Municipality"]

[Text] In the course of establishing a new socialist commodity economic order, keeping the party and government organs clean is a new problem demanding prompt solution. Regarding this question, we investigated Shanghai recently.

Positive Influence and Negative Factors [subhead]

Since the 3d Plenary Session of the 11th CPC Central Committee a shift from a product economy to a commodity economy and from an inward economy to an export-oriented economy has been effected in Shanghai. The vigorous development of a socialist commodity economy instilled new vitality to the building of party and government work style and laid a solid material foundation. The positive influence constitutes an essential trend. However, new problems including negative factors have also cropped up.

The practice of developing a commodity economy brought about a leap in people's understanding of socialism. Shanghai's GNP doubled and national income increased by 87.4 percent within the 9 years. The profits turned over to the state ranked first among all provinces, autonomous regions, and municipalities; and the people's living standards improved remarkably. Compared with 1980, the initial period of reform, per capita income in 1987 increased 160 percent in rural areas and 140 percent in cities. Facts have proved that the development of a commodity economy is a big school in which we can constantly deepen our reunderstanding of socialism. During the years just after the 3d Plenary Session of the 11th CPC Central Committee, there were frequent disputes whether the policy of developing a commodity economy belonged to a "socialist" or "capitalist" nature

and people had misgivings about "the efforts made over the decades returning to the preliberation days overnight." Today the broad ranks of cadres and party members have profoundly realized that "the efforts made over the decades are not equal to the 9 years following the 3d Plenary Session of the 11th CPC Central Committee." Moreover, they have realized that reform, opening up, economic invigoration, and development of a commodity economy constitute the only way out to revitalize Shanghai and the necessary conditions to attain China's economic modernization. However, it should be noted that some party organizations have concentrated their energy on commodity production, foreign trade, and public relations at the expense of the building of spiritual civilization and ideological and political work. They have failed to make a study of the ideological changes of cadres and party members under the conditions of reform, opening up, and commodity economic development and to strengthen the building of party and government work style.

Along with the development of a socialist commodity economy, profound changes have been effected in the ideological consciousness, spiritual outlook, life style, and mode of thinking of leading organs and party members. The concepts of opening up, value, competition, efficiency, information, and time that reflect the objective demands of commodity production and are suitable to the development of a commodity economy have also promoted the building of Shanghai's party and government organs. For example, introduction of the efficiency concept washed away bureaucracy and transformed methodism and the dilatory style of work. In the past a foreign client had to get 41 stamps (sometimes a maximum of 126 stamps) from 19 bureaus of 4 committees and offices to start a project with an investment ranging from \$5 million to \$30 million. Now the deal can be made with a single stamp from one office. We should be aware that reform and opening up have invigorated the party and government organs in Shanghai. It is manifested in the hardworking spirit, creativity, and ability to resist corruption. However, we also discovered from the investigations that the principle of exchange at equal value and commodity fetishism adversely affected the party's political activities. A handful of party members "put money above everything else" and failed to withstand the test of reform and opening up. Of the party members disciplined by the party recently in Shanghai, economic mistakes account for the largest proportion.

The development of a commodity economy at the initial stage of socialism has enormously aroused the enthusiasm of the public, collective, and individual sectors, brought about a brisk market, promoted economic prosperity, and increased social wealth. Because of the coexistence of diverse economic sectors, various circulation channels, and different means of operation and because of the keen competition, a small number of organs and party cadres are affected by selfish departmentalism and out-and-out egoism. Some of them have taken the

advantage of the shift from the old to a new system to abuse power for personal gain. The malpractices are manifested in the following:

The practices of eating, taking, and extortion have occurred occasionally among a handful of party members and cadres. They vie with one another particularly in economic contacts. Sending and accepting gifts are quite common. A handful of leading cadres even accept high grade, durable consumer goods including refrigerators, microwave ovens, and washing machines as substandard goods or under the excuse of trial-use. Extortion is also common among the working personnel of the administrative bodies. Although their ranks are not high, they have real powers. The services they offer have a price. "Without advantages they do nothing, with advantages they abuse their powers." Many enterprises are forced to keep their resentment to themselves, thus they "prefer paying huge sums of money to offending the officials."

"Compensated services" under all sorts of pretexts. The bounden duties are usually labeled with "compensated services" and charged with consultative, formality, and approval fees. Under the pretext of "increasing income," some organs have abused power to do business and run enterprises, scrambling for interests with the people. The masses are discontented and say that these units put practical benefits and money above everything else. How can they keep themselves clean by doing so?

Exaction of charges under excuses of every description. There are "compulsory exaction" as well as the so-called "sponsored" or "subsidized" exaction. Those exacting charges include leaders of enterprises, departments in charge of materials and monetary affairs, and those around enterprises with "real powers."

All sorts of penalties. The penalties are mainly imposed by a handful of people in the supervisory and judiciary departments. Enterprises regard these people as "overlords" who must be entertained during festivals. Otherwise, the enterprises will find the going very tough.

Although these malpractices manifested in the party and government organs and supervisory and judiciary departments at the basic levels account for only 1 to 2 percent, they have become street "gossip," sabotaging the relations between the party and masses and damaging the prestige of the government.

Do Not Be Surprised At or Treat Malpractices Lightly
[subhead]

A correct understanding of the relationship between the development of a commodity economy and the building of party and government work style is the key to keeping the party and government organs clean.

We discovered in the investigations that there are two different views on the development of a socialist commodity economy. One believes that the development of a commodity economy has resulted in improper party

style and social mood, saying that the further development of a commodity economy will intensify the unhealthy tendencies and "the key to keeping the party and government organs clean lies in money." The other one sees only the positive influence, regardless of the negative factors and effects. Both are one-sided views. Large numbers of facts in Shanghai have proved that the development of a commodity economy has enormously increased the productive forces. The positive influence exerted on the building of party and government work style should be affirmed. However, the negative factors of a commodity economy which are unavoidable will inevitably corrupt the ranks of party members and cadres. We should not be surprised at the negative factors and give up the development of a commodity economy because of these factors, nor treat them lightly and let them spread unchecked. Regarding this question, the Shanghai authorities explicitly pointed out that the development of a commodity economy constitutes a historical period of considerable length, the building of party and government work style is a protracted and arduous task, and the struggle against corruption cannot be accomplished in one stroke. In the substitution of a new system for the old one, it is the fundamental task of the building of party and government work style to constantly explore measures to fight against corruption and keep our organs free from corruption.

The key to keeping the party and government organs clean lies in strictly administering the party. The negative factors in the operation of a commodity economy will impact, in varying degrees, on all fields of social and political life. The tendency of "commercialization of everything" will inevitably find expression within the party and government organs, corrupt the ranks of party members and cadres, and give rise to certain malpractices. Strict administration of the party should start from the leading cadres of the party and government. This is the common view of the broad masses and cadres in Shanghai. The lesson of some leading cadres of Shanghai party and government organs making mistakes and even committing crimes is severe and bitter. "Strict" means love, while "spoiling" means harm. Tolerated by unprincipled accommodation, the mistakes of some people developed from small to big ones, from a quantitative change to a qualitative change, and to an extent unable to extricate themselves. Hence, education should be conducted whenever violation of discipline by party cadres is discovered. The degenerates who refuse to mend their ways after repeated education should be expelled from the party and removed from office as a warning to others against following the bad example. So long as the party and government organs and leading cadres can keep themselves clean, the negative influence will not cause a great harm to society. With overall measures adopted, we can eliminate the malpractices, keep the party and government organs clean, and promote and ensure the early establishment of a new socialist commodity economic order.

At present China's economic structural reform is developing in depth, its political structural reform has just started, and a new order for the development of a commodity economy

has not yet been established. The substitution of a new system for the old one will inevitably give rise to certain frictions, dislocations, and out of control. This is the main reason which prompted the ups and downs, growth and decline of the unhealthy tendency. The circumstances in Shanghai have proved that it has produced a great impact, seriously hindering the normal development of a commodity economy. Some people take the advantage of the coexistence of the two systems and various prices to "shift products from hands to hands and let prices roll like a snowball" and to reap exorbitant profits through speculation. Some take advantage of the coexistence of various circulation channels and means of operation to adopt improper operation methods, accept or offer bribes, engage in speculation and profiteering, and cheat the state and people by selling inferior products as good ones. The problems would not be so serious under the old system and there would not be so many complicated problems under the new system. The practice in Shanghai has proved that we cannot follow one pattern or impose uniformity in handling and solving these problems. Proceeding from practice and with the productive forces criterion, the problems should be dealt with and fairly settled in light of different environment, conditions, and categories on the basis of the laws governing a commodity economy and in accordance with the principle of party spirit, party discipline, and state laws. Only by doing so can we gradually establish a new socialist commodity economic order and ensure the smooth progress of reform and opening up.

Measures and Thoughts [subhead]

While developing and promoting economic prosperity, Shanghai adopted the following four comprehensive measures to keep the party and government organs clean and prevent the negative influence of a commodity economy exerted on them.

Apply the law of value to develop a socialist commodity economy and avoid the principle of exchange at equal value from finding expression within the party's political activities. A change from a product economy to a commodity economy is now being effected in Shanghai. To organize and guide economic development, the party and government organs should break with the product economy that confine the cadres' thinking and correctly master and apply the principle of exchange at equal value to promote China's economic development and prosperity. However, the principle of exchange at equal value is an economic rather than a political principle. The party's political principle is the principle of party spirit, namely, wholeheartedly serving the people. Some people have introduced the principle of exchange at equal value to the party's political activities, regarding the relationship between men as one merely of money and seriously harming the body of the party and government organs. For this reason, we should use the principle of party spirit to ensure the normal development of a socialist commodity economy, never regard the principle of party spirit, powers, and honor as commodities that can be exchanged, and prevent commodity fetishism from corrupting the ranks of party members and cadres. Since the

implementation of the policy of reform and opening up, Shanghai has paid close attention to the building of party and government organs, insisted on strictly administering the party, enforced party discipline, promptly investigated and handled the malpractices and the unhealthy tendency of abusing power for personal gains. The municipal authorities started with the problems of entertaining guests and sending gifts which the masses complained most and made specific stipulations after investigations conducted on several occasions which played a positive role. Following the establishment of the leading body of the new municipal government recently, an 8-point stipulation has been laid down which prohibits the cadres of party and government organs from receiving reward or gifts under any excuse in social economic activities. The stipulation has been made public so that the people of the whole city can exercise supervision over the municipal government.

While increasing income and retrenching expenditure should be encouraged, government administration should be strictly separated from commercial businesses. Since October last year some organs of the municipal government took a one-sided approach to the idea of increasing income and retrenching expenditure and tended to engage in commercial businesses and running enterprises. According to the Shanghai Industrial and Commercial Bureau, some 100 units registered at that time for doing businesses and running enterprises. The masses were against it and there was also objection from various fields. If party and government organs and cadres abuse their powers to engage in businesses, they will hinder the development of a commodity economy. Party and government organs perform the functions of social leadership, management, organization, and coordination while enterprises and commercial units perform the functions of social production and circulation. If these social functions are confused or even merged, they are bound to hinder the development of productive forces and the normal functions of the superstructure. For this reason, a leading comrade of the Shanghai municipal party committee pointed out that party and government organs and cadres are not allowed to abuse power for personal gains or to engage in businesses and run enterprises. He also drew a clear line of demarcation in applying the policy. The response of cadres and masses to the municipal party committee's stipulation on strictly separating government administration from commercial businesses was positive.

Let cadres perform their functions and exercise effective supervision over their powers. Functions constitute a unity of powers and duties. As powers cannot be unlimited, it is necessary to condition and exercise supervision over them. Hence, strengthening supervision over party and government organs and cadres by establishing and perfecting the legal and discipline system constitutes an essential means to keep the party and government organs clean. Powers without supervision will inevitably lead to corruption. Supervision over party and government organs should be exercised mainly by implementing democratic politics, constantly increasing transparency

and openness of political activities, and giving full play to the supervisory role of the masses. Since the beginning of this year the municipal party committee and government have adopted relevant measures on strengthening supervision over leaders at and above bureau levels. Meanwhile, the supervisory mechanism, the system of handling people's letters and visits, and the reporting system have also been strengthened.

Stress plain living and gradually improve material benefits. Viewed from Shanghai's circumstances, remuneration of cadres is indeed low and the gap is wide compared with enterprise staff and workers. Since liberal recompense is impossible at the moment, we should still stress plain living and make concerted efforts to tide over the difficulties of reform. Meanwhile, it is necessary to adopt vigorous measures to increase the wages of the cadres of party and government organs and provide them with better material benefits. This constitutes the material conditions to keep party and government organs clean. Naturally, the fundamental improvement of material benefits cannot be achieved overnight. Even when we are capable of offering liberal recompense, we should still advocate plain living and carry forward the party's fine tradition of working hard and overcoming difficulties.

Shanghai Enterprises Urge Competition Incentive
OW0808101988 Beijing XINHUA in English
0543 GMT 8 Aug 88

[Text] Beijing, August 8 (XINHUA)—Business executives in Shanghai, China's leading industrial center, are demanding a competition incentive for all firms, today's "PEOPLE'S DAILY" reported.

"A big problem today for China's state-run enterprises is there's no competition," said Li Wenhua, director of the Shanghai electric motor plant, "and as the policy is now, the more profitable an enterprise is, the heavier the financial burden it faces, while the less profits a firm makes, the more tax breaks it gets."

Citing his factory as an example Li said, profits and taxes his company had to pay the state grew at an average annual rate of 23.5 percent during the 1982-86 period.

In general, rural factories and Sino-foreign joint ventures earn more than state-run firms because of better management and more efficient operation, Li went on, but tax rates are still higher for state-run enterprises because these other firms enjoy preferential policies.

Cheng Jieli, director of the Jiafeng cotton textile mill, said state subsidies to failing enterprises are actually covered by those making profits.

"Under this system, successful enterprises have to keep the weaker ones going and the state gains nothing," Li went on, "and if unprofitable enterprises can't bring themselves out of the red, those doing well have to keep the support coming."

According to Qi Delin, director of the Shanghai wrist watch factory, "enterprises need competition, because only this will encourage them to progress."

Qi called the existing egalitarian income system "a policy which encourages unsuccessful firms and dampens the initiative of those making advancements."

Talking about his factory, which is one of China's most economically efficient, Du said, with no money to buy new equipment, the factory is still using 900 obsolete machines.

Qi also said, many wrist watch factories are losing money, but local authorities give them subsidies to prevent them from going bankrupt.

Qian Peiyong, director of a Shanghai radio factory, urged government offices to help enterprises create competition which would force firms to make progress, also mentioning the high-level of competition foreign firms face as a result of market competition.

"The government should adopt policies which encourage those enterprises doing well, and also do more in getting failing enterprises back on their feet," Qian said.

Shanghai Industrial Production Up in 1988
OW0708115788 Shanghai City Service in Mandarin
0900 GMT 4 Jul 88

[Excerpt] According to the latest figures released by the Shanghai Municipal Statistical Bureau this morning, the total value of Shanghai's industrial output in June was 9,475 million yuan, an increase of 9.8 percent over the same period in 1987. The total amount of industrial output value from January to June this year was 51,476 million yuan, an increase of 6.6 percent over the same period last year. [passage omitted]

Shanghai Awards Encourage More Investment
OW0608131988 Beijing XINHUA in English
0710 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—At a recent conference, an official from the Shanghai Economic Commission announced inventions involving advanced technology will be awarded.

According to today's "PEOPLE'S DAILY," every year the awards process will involve appraising new products developed at the city-level, awarding individual scientists and technicians for specific outstanding contributions, and naming top scientists and technicians.

Under another aspect of the new policy, the report said, the municipal economic commission will offer scientists and technicians tax breaks on monetary awards.

Central-South Region

Guangdong's 10-Year Achievements Summed Up
HK0608081688 Guangzhou NANFANG RIBAO
in Chinese 1 Aug 88 p 1

[Article by the Theoretical Department of NANFANG RIBAO: "Summary of Guangdong's Achievements in Economic Construction Since Its Reform and Opening Up to the Outside World 10 Years Ago"]

[Text] Editor's Note: The 10 years since the 3d Plenary Session of the 11th Central Committee have been a decade of reform and opening up to the outside world. What changes have actually happened in our social features over the past 10 years? Has a good or bad job been done? Has the society made any progress or has it fallen back? Is the general situation fine, or has it worsened? We must understand these questions correctly. Guangdong began its reform and opening up one step ahead of the rest of the nation 10 years ago; it has scored great accomplishments since then. Reform and opening up have brought us great emancipation of the mind as well as the productive force. This is a basic fact. The "Summary of Guangdong's Achievements in Economic Construction Since Reforming and Opening Up to the World 10 Years Ago" which we publish here is not at all comprehensive. Our aim is to arouse our readers to review and ponder on our 10-year reform and opening up. With a little review of the process of the past 10 years, taking a look at the changes around us, will we not experience the new features, new changes brought about by reform and opening up, and become firmer in our faith in deepening reform and opening up to the world still wider? [end editor's note]

1. Guangdong has continued to elevate its economic status in the whole nation. Its proportion of gross output value has risen from the eighth to the seventh place in the whole nation; its national income from sixth to third place; its industrial gross output value from eighth to sixth place, whereas its agricultural gross output value from seventh to third place.

2. The province's gross industrial and agricultural output value was 128.144 billion yuan in 1987, up by 97.774 billion yuan, and 3.22 times from 1978.

3. Its national income was 67.8 billion yuan in 1987, up by 50.4 billion yuan and 2.9 times from 1978.

4. The province's financial revenues increased from some 3 billion yuan in 1980 to 9.4 billion yuan in 1987.

5. Guangdong's capita net income of the peasants in 1987 was 645 yuan, up by 451.7 yuan, and 2.34 times from 1978. With price factors taken into consideration, the annual average increase was 8.9 percent. The per capita income of workers and staff in cities was 1,233

yuan, up by 831 yuan and 2.07 times from 1978. With the price factor taken into consideration, the average annual growth rate was 6.1 percent.

6. In 1987, its exports of agricultural produce brought in some \$1.7 billion in foreign exchange, accounting for 33 percent of the province's total volume of foreign exchange derived from exports.

7. Between 1979 and 1987, Guangdong utilized some \$1 billion of foreign investments for its agriculture, by importing some 300,000 sets of advanced technological equipment.

8. In 1987, the province's gross output of fruits was 2.66 million tons, and its gross output of aquatic products 1.6 million tons. This has completely changed the situation in which its vast villages with many orchards yielded little fruits, while their plenty of water surface yielded few fish in the past.

9. In 1987, Guangdong's gross industrial output value was 89.157 billion yuan, up by 31.8 percent from 1986, with its growth rate surpassing Zhejiang and Jiangsu, ranking top in the nation for the first time in history. In the 1st half of 1988, the province's gross industrial output value was 39.967 billion yuan, up by 31.1 percent over the same period in 1987.

10. In 1987, the province's gross industrial output value broke through 5 billion yuan, up 21 times from 1978; its output value of exports was 1.2 billion yuan, accounting for 40 percent of the national output value of electronic products for export.

11. In 1987, Guangdong's electrical machine-building products brought in \$530 million in foreign exchange, up by 66 percent from 1986, ranking top in creating foreign exchange in this area in the nation.

12. In 1987, the gross output value of its toy industry was 700 million yuan, bringing in \$120 million in foreign exchange, and the province has become the largest base of toy exports.

13. The all-plastic motor vehicle initiated by the China Motor Vehicle Corporations, Shenzhen began its production in lots in August 1987. This invention has already won worldwide acknowledgement.

14. Guangdong's output of soft-packaged soft drinks was 630,000 tons in 1987, accounting for one-third of the nation's total output.

15. In 1987, Guangdong's volume of retail sales was 47.95 billion yuan, and the transaction volume of market fairs in urban and rural areas was 12 billion yuan, ranking top in the nation.

16. The province has taken the lead in the price reform of agricultural and sideline produce, with the relaxation of fish prices in 1981; vegetables prices were relaxed in 1984, and overall relaxation of prices began in 1985, thus pushing forward the development of agricultural and sideline production and the shaping of market economy.

17. Between 1979 and 1987, Guangdong built or transformed 7,052 km of highways and 1,127 bridges with a mileage of 63,480 m, by collecting funds through multiple channels.

18. Under way is the building of the Sanshui-Maoming Railway, the trunk line in a railway network, with joint investment of localities and the Ministry of Railways, the first of its kinds with regard to investment. The railway has a mileage of 324 km, with a total investment of 1.04 billion yuan.

19. The Jiujiang Bridge, running 1,682.4 m in length and 16 m in breadth, is so far the longest span single-tower suspension (danta xiela 0830 1044 2438 2139) bridge in China.

20. The double-track Shenzhen-Guangzhou Railway, the first of its kind built with self-collected funds was put through on 25 January 1987, and has been in operation since.

21. The Dayaoshan Railway Tunnel, on the double-track of the Hengyang-Guangzhou Railway in Guangdong with a mileage of 14.29 km, is, to date, the longest double-track tunnel passage on an electrical railway; it was successfully put through on 6 May 1987.

22. Guangdong takes the lead in the growth rate of telecommunications. At present, the number of telephone lines in the province's urban areas has exceeded 400,000, up by some 3 times from 1978, with some 6,600 long-distance lines, up by some 7 times. There are 300,000 lines in the rural areas, doubling from 1978. In 1987, the number of newly increased program control telephone exchanges was 180,000, accounting for one-fifth of the nation's total. The province has 54,000 registered direct dialed long-distance users, accounting for half of China's total.

23. Since the implementation of building power stations with self-collected funds in the province in 1985, Guangdong has an installed generating capacity of 5.59 million kw, more than doubled from 1980. Guangdong's annual generating capacity is some 22.2 billion kw, more than doubled from 1980. However, because of the rapid industrial and agricultural growth, power is still in short supply.

24. The Daya Bay Nuclear Power Station is the first of its kind built with Chinese and foreign investment.

25. Over the past 10 years, Guangdong has initiated the Shenzhen, Zhuhai, and Shantou Special Economic Zones (SEZs), and opened two coastal cities, Guangzhou

and Zhangjiang, as well as the Zhujiang Delta and other coastal areas. All these have shaped an opening zone characterized by multiple layers and types, and diversified functions.

26. Guangdong is already developing export-oriented economy. At present, Guangdong has realized the value of one-fourth of its province's gross national product in the world market, with one-fourth of its national income derived from export, and the same proportion of its construction funds coming from other parts of the world.

27. In 1987, the gross value of exports from Guangdong broke through \$5.5 billion in 1987, accounting for one-sixth of the nation's total, ranking top among all provinces and cities. In the first half of 1988, Guangdong's export volume hit \$3.52 billion, fulfilling 85.8 percent of the annual plan, up by 34.2 percent over the same period in 1987.

28. A unified export-production system with the merger of trade, industry and agriculture has initially taken shape in the province. In 1987, it supplied the world market with a volume of marketable commodities, bringing in \$1.268 billion, accounting for 23 percent of the province's total.

29. Guangdong has opened up overseas markets with flexible methods of trade. At present, it has set up 155 overseas enterprises in 13 countries and regions. This helps establishing ties with both foreign countries and the hinterland, while extending the area of trade.

30. Guangdong has changed its export condition characterized by chiefly exporting mineral products, agricultural and sideline produce, and their processing in the past. Now industrial exports have brought in considerable foreign exchanges, accounting for some 72 percent of the province's foreign exchange from export. "Guangdong-made" commodities have now stronger competitiveness in the world market.

31. Guangdong's technologies have begun to enter the world market. Between 1980 and 1987, 21 technological items were exported to 15 nations and regions, involving a sum of \$2.85 million.

32. Over the past 9 years, more than 20 countries and regions have poured in some \$5 billion into various departments of the province's national economy. In 1987 alone, Guangdong utilized some \$1 billion of foreign capital, ranking top in the nation. In the 1st half of this year, Guangdong utilized \$8 billion of foreign capital, up by 85 percent over the same period last year.

33. By the end of 1987, Guangdong had had 5,193 enterprises with Chinese and foreign investments, in cooperation, or monopoly foreign investment, accounting for 70 percent of the nation's total in this category.

34. Guangdong's first industrial district with foreign investment, Shenzhen's Futian Industrial District, involves an investment of \$50 million.

35. Guangdong ranks top in China in the number of ports opening to the world as well as local ones: It has 36 ports in the first category, accounting for one-third of China's total in this category; and 128 ports in the second category, accounting for four-fifths of the county's total.

36. The province is active in the export of labor services. It has established operational ties with some 500 factories and businessmen in 33 countries and regions, with 179 contracts on labor services signed, involving a sum of \$53.8 million. It has sent 7,000 hands in labor services to 19 countries and regions, and also foreign offices stationed in the province.

37. Guangdong's processing of imported materials (samples) and carrying out compensatory trade has been rising rapidly. It now has 10,000 enterprises in this category, with some 1 million employers. Over the past 9 years, revenues in terms of \$1.5 billion were derived from charges for processing as well as export, ranking top in the country in this area.

38. The province has now 1.05 million enterprises in towns and townships, with 5.52 million employers. Their gross income in 1987 was 38.796 billion yuan, while some \$1 billion in foreign exchange was brought in through export, accounting for one-fifth of the nation's volume of foreign exchange brought in by enterprises of the same category, ranking top in China. A variety of some 1,000 commodities are marketing well in Europe, the United States, Asia, Africa, and other regions.

39. Volume of savings deposits of urban and rural citizens in the bank has risen rapidly over the past 10 years. By the end of 1987, the volume of savings deposits was 33.375 billion yuan, up by 17.96 times from 1978.

40. Registered in the province's industrial and commercial departments are 15,000 enterprises with eight and more employees in each in the private-owned sector. Such enterprises in Guangzhou account for 10 percent of the province's total in this category.

41. A floorspace of 71.3 million square meters for residence has been added to Guangdong's urban areas between 1980 and 1987, 2.2 times the total floorspace built in the previous 31 years. The per capita floorspace for Guangdong's urban population increased from the 3.65 square meters in 1978 to 5.53 square meters in 1986, while the living conditions of urban population have been greatly improved.

42. Guangdong has rapidly developed lateral economic combination. In 1987, 4,188 contracts and accords on technological cooperation were initialled, involving a sum of 3.937 billion yuan, with 3,865 of the projects already in implementation, involving 2 billion yuan in

investments. An output value of 4.884 billion was created, with an extra volume of 76.1 million yuan in taxes and profits handed over to the state.

43. The large-type Tianhe Sports Center with modern facilities in Guangzhou is the first of its kind in China.

44. Guangdong built primary and high school buildings, living quarters for teachers and staff, and purchased teaching equipment with collected funds involving 4 billion yuan between 1978 and 1987. Now rickety school buildings no longer exist, with every class having a classroom to call its own, and every student equipped with a desk and a chair. For this, Guangdong has been commended by the State Education Commission and Ministry of Finance.

Guangxi Meeting Stresses Grain Production
HK0708063188 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 6 Aug 88

[Excerpts] Steady growth of agriculture, especially grain production, is the foundation of the long-term stable development of the entire national economy. We must attach great importance to grain production at all times, and be sure to prevent and correct tendencies to neglect grain production. This was stressed by the regional People's Congress Standing Committee chairman's meeting yesterday, after hearing reports on grain work from the regional agricultural department and grain bureau. [passage omitted]

The meeting called on all sectors and trades to be concerned for and support grain production and grain work. Grain production must be assigned the primary position in agricultural production.

The meeting stressed: It is essential to consolidate and develop the fruits of rural reforms and perfect the contracted responsibility system with payment linked to output, based on the household. It is essential to stabilize the sown area of grain and do everything possible to increase yields, so as to boost total output. The state, the collectives, and the individual peasants must increase investment in grain production, improve the material and technological conditions for agriculture, do a good job in water conservancy construction, and boost the reserve strength for agricultural development. [passage omitted]

Guangxi Stresses Contracted Management System
HK0708061588 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 6 Aug 88

[Excerpts] The regional government held a telephone conference last night which called on all localities to promote unswervingly the contracted management responsibility system and strive to improve enterprise economic returns. Vice Chairman Wang Rongzhen spoke at the meeting. [passage omitted]

Wang Rongzhen pointed out that although the contract system has deepened and developed in Guangxi, progress is uneven. The importance of this system has not yet been grasped by certain leaders. Progress in some places is slow, and in certain counties not one enterprise has instituted this system. The quality of contracting in some enterprises is low. Some prefectures and cities that seek stability and are afraid of chaos are unwilling to allow the introduction of the competitive mechanism. Decisionmaking powers in some contracted enterprises have not been completely firmed up. [passage omitted]

In accordance with the spirit of the recent national forum on the contracted management responsibility system and in conjunction with Guangxi realities, Wang Rongzhen proposed the main tasks for perfecting this system in the 2d half of the year: Seriously implement the Enterprise Law and run the factories according to law; establish the competitive mechanism everywhere and select the best managers; stimulate the enterprises to face the markets, develop themselves amid competition, and optimize enterprise structure through having enterprises contract-run other enterprises and through enterprise amalgamations; do a good job in organizing a full set of reforms within the enterprises, with the focus on the labor and wages systems; firm up responsibility systems at all levels and fully tap enterprise potentials; establish a contracting risk mechanism, and form a relationship in which managers and producers share rewards and risks; organize pilot projects in capital classification; carry out explorations in the joint-stock system in enterprise consortia; optimize the management methods so as to tap enterprise potentials; and revamp and strengthen ideological and political work in the enterprises, and build the two civilizations simultaneously.

Vice Chairman Wang Rongzhen said in conclusion: The central authorities have decided to shift the focus in economic structural reforms to price and wage reforms. The CPC Central Committee and State Council pin the hopes for success in price and wage reforms on improving enterprise economic returns. Improving enterprise economic returns is therefore the fundamental way for traversing the difficult pass and extricating ourselves from difficulties. All enterprises must therefore focus their attention on improving economic returns, and devise all means to give further scope to the role of the contract system and strive to improve their ability to adapt to market changes and to absorb price readjustments. It is also necessary to reduce the number of middle links in the chain and prevent the erosion of the enterprises' interests. [passage omitted]

The prefectures and cities must seriously sum up experiences in enterprise contracting, correctly understand the impact of the price and wage reforms on the enterprises, and take timely steps to readjust the contracting mechanism so as to ensure its healthy development. [passage omitted]

Wang Rongzhen in conclusion called on the region to take active measures to resolve the shortages of coal and electric power and do a good job in organizing the

transport and allocation of raw materials, so as to fulfill and overfulfill the year's industry and communications tasks and make more contributions to developing the region's economy.

Henan Radio Views Enterprise Composition Issues
*HK0708051588 Zhengzhou Henan Provincial Service
in Mandarin 2200 GMT 6 Aug 88*

[Station Commentary: "It Is Imperative To Institute Optimum Enterprise Composition"]

[Excerpts] [passage omitted] The economic returns of industrial enterprises in Henan are far from allowing optimism. According to estimates, as many as 70 percent of the province's 2,200 enterprises covered by the budget have low economic returns, make very little profit, or run at a loss. And many of the advanced enterprises, whose numbers are not great, have economic returns that rank in only a middling position in the national table. How can we set about changing this backward situation in the province's industrial enterprises? Judging from the development trends of deepening enterprise reform, the optimum composition now gradually taking shape between enterprises, whose main forms are contracting, hiring, transferring, amalgamating, and organizing joint operations, will be a new road for us in invigorating the enterprises, improving economic returns, and developing socialist commodity economy. [passage omitted]

Optimum enterprise composition not only promotes the effective flow of resources, capital, technology, talent, and management between enterprises, gives full scope to the strong points of advanced enterprises, improves management standards in backward enterprises, and enhances enterprise quality, but also helps to control the scale of capital construction, tap the potentials of existing enterprises, readjust product orientation and enterprise structure, and avoid certain risks in individual contracting. Today, when market competition is becoming more and more fierce and the situation is becoming more and more rigorous, instituting optimum enterprise composition is without doubt an essential road to follow for improving enterprise microeconomic returns and social macroeconomic returns and carrying out price and wage reforms.

However, we should realize that at present many people lack a correct understanding of optimum enterprise composition. There is even unaccountable fear of it. Some people hold that to invite enterprises from other provinces or departments to our province or department to contract, hire, or amalgamate with enterprises here amounts to bleeding us dry, selling our sovereignty, and acting in a prodigal fashion. This shows that these comrades have not yet broken down the bindings of old ideas and concepts and have not jumped out of the old conventions of product economy and departmental ownership.

The question of whether we are selling our sovereignty and acting in a prodigal fashion should be tested by the productive forces criterion. All methods that can improve labor

productivity, increase the material wealth of society, and arouse people's enthusiasm, creativity, and sense of responsibility as the masters are positive and should be applied. Methods that do not achieve these aims are negative and should be discarded. [passage omitted]

Henan Conference on Foreign Trade Ends
*HK0608022788 Zhengzhou Henan Provincial Service
in Mandarin 2200 GMT 4 Aug 88*

[Excerpts] A provincial conference on foreign economic relations and trade concluded in Zhengzhou on 4 August. In the spirit of the national conference on exchanging views on reform of the foreign trade structure, the meeting summed up reform of the foreign trade structure and economic and trade work in our province in the 1st half of the year and worked out plans for different fields of economic and trade work.

Relevant leaders of the provincial people's government attended and addressed the meeting.

Thanks to the stepping up and deepening the reform of the foreign trade structure and the overall implementation of the management contract responsibility system, different fields of economic and trade work developed rapidly in our province this year. In replacing the old foreign trade structure with the new, our province has successfully fulfilled foreign trade, investment, and economic relations contracts; and foreign exchange earned through export increased notably. In the 1st half of the year, foreign trade departments had fulfilled the annual export quotas by 89.15 percent and contracts by 66.4 percent, and they were commended by provincial party committee and people's government. [passage omitted]

The meeting concluded: At present, the slack pace in procurement of export goods for foreign trade and short supply of goods will adversely affect not only the execution of foreign trade contracts but also export plans in the 2d half of the year and the 1st half of next year. Foreign trade departments at various levels should therefore attach great importance to the problem. Foreign trade departments at the city, prefectural and county levels should adopt measures and tap potential to fulfill and overfulfill plans contracted to them so as to make procurement a success.

Hubei Opens Propaganda Work Conference
*HK0608025788 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 5 Aug 88*

[Excerpt] A provincial propaganda work conference opened in Wuchang yesterday. The purpose of this meeting is to relay and implement the spirit of the important instructions of leading central comrades and the spirit of the national forum on propaganda and

ideological and political work and of the national literature and art work conference, sum up and exchange experiences in building spiritual civilization in the urban areas, and study and make arrangements for stepping up this work.

Qian Yunlu, deputy secretary of the provincial party committee, attended the meeting yesterday and listened to the exchange of experiences. Wang Zhongnong, director of the provincial Propaganda Department, made a speech this morning on stepping up the building of spiritual civilization in the urban areas to suit the new situation in reforms and opening up. [passage omitted]

Southwest Region

Sichuan Appoints Pu Haiqing Vice Governor

HK0808004388 Chengdu Sichuan Provincial Service
in Mandarin 2200 GMT 7 Aug 88

[Excerpts] The fourth meeting of the Sichuan Provincial People's Congress Standing Committee concluded on 7 August after completing its agenda. [passage omitted] The meeting expressed great concern over the recent major ferry accidents and requested the provincial government to investigate the causes, deal with the matter seriously, sum up the lessons, and take effective steps to improve safety work. The provincial government should report to the provincial People's Congress Standing Committee regarding this work.

In accordance with the recommendation of Governor Zhang Haoruo, the meeting decided to appoint Pu Haiqing vice governor and (Zhang Rongxian) director of the provincial Civil Affairs Department. The meeting also approved other appointments and dismissals.

Vice Chairman Liu Haiquan presided at the meeting. [passage omitted]

Tibet People's Congress Elects Leaders

HK0708003088 Lhasa Tibet Regional Service
in Mandarin 0000 GMT 7 Aug 88

[Excerpts] The first session of the Fifth Tibet Regional People's Congress concluded in Lhasa yesterday. Vice Chairman Pagbalha Geleg Namgya presided at the closing ceremony, which was also attended by regional party, government, and Army leaders Raidi, Doje Cering, Basang, Mao Rubai, Danzim, Gyanincain Norbu, Jiang Hongquan, Ma Lisheng, Zhang Xiangming, Niu Juizhou, and Hou Jie. [passage omitted]

The session approved resolutions on the government's, the regional People's Congress Standing Committee's, the regional Higher People's Court's, and the People's Procuratorate's work reports.

Yesterday's session elected the chairman, vice chairmen, and members of the regional People's Congress Standing Committee, the chairman and vice chairmen of the regional people's government, and the presidents of the higher people's court and people's procuratorate. [passage omitted]

Ngapoi Ngawang Jigme was elected chairman of the regional People's Congress Standing Committee, and Pagbalha Geleg Namgya, Sengqen Lozong Gyanincain, Xoikang Tubtain Nyima, Budoje, Lang Jie, Janzhong Zhaxidoje, Lhunzhub Tabkyai, Samding Doje Pamo, (Wang Guangqi), and Hu Songjie were elected vice chairmen. (Wang Guangqi) was concurrently elected secretary general.

Doje Cering was elected chairman of the regional people's government, and Mao Rubai, Ma Lisheng, Puquin, Qamco, Gyibug Punco Cedain, Tudao Doje, and Gong Daxi were elected vice chairmen.

Zi Cheng was elected president of the regional Higher People's Court. In accordance with the provisions of the PRC Organic Law, the person elected president of the regional People's Procuratorate will take office after approval by the higher level.

Leaders Profiled

OW0608143988 Beijing XINHUA in English
1143 GMT 6 Aug 88

[Text] Lhasa, August 6 (XINHUA)—Ngapoi Ngawang Jigme was re-elected chairman of the Standing Committee of the Tibet Autonomous Regional People's Congress at the first session of the fifth congress that closed here today.

Born in Lhasa in 1911, he was a high-ranking official of the former Tibet local government and general administrator of Chamdo Prefecture. In 1951 he was sent as the chief representative of the local government to Beijing for talks on the peaceful liberation of Tibet.

Later, he served successively as first deputy commander of the Tibet Military Area Command, chairman of the People's Committee of the Tibet Autonomous Region, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and vice-chairman of the Standing Committee of the National People's Congress.

Also at today's meeting, Doje Cering was elected chairman of the Tibet Autonomous Regional Government.

Doje Cering was born in Xiahe County, Gansu Province, in 1939. He went to work in Tibet in 1959 and served as district head, county magistrate and secretary of a prefectural communist party committee and later as deputy secretary of the regional party committee.

He is also a member of the Chinese Communist Party Central Committee.

Tibet Radio Stresses Economic Development
HK0708013988 Lhasa Tibet Regional Service
in Mandarin 0000 GMT 7 Aug 88

[Station Commentary: "We Must Promote Economic Construction Unswervingly in Order To Achieve Stability and Development in Tibet—Warmly Hailing the Victorious Conclusion of the Regional People's Congress and CPPCC Sessions"]

[Excerpts] The First Session of the Fifth Tibet Regional People's Congress and the First Session of the Fifth Tibet Regional CPPCC respectively concluded in Lhasa on 4 and 6 August after completing all on their agendas. [passage omitted]

The delegates to the two sessions unanimously held that we must promote economic construction unswervingly in order to achieve stability and development in Tibet. We must put the development of the social productive forces in the primary position in all work.

Tibet entered socialism directly from the feudal serf system. Its production methods are backward and the level of its productive forces is low. Commodity production is undeveloped, the economic foundation is weak, and people's living standards are low. This situation shows that although we have entered socialism, we are still at a low level in the initial stage of socialism. [passage omitted]

The only way out for changing the present situation in Tibet lies in promoting economic construction and speeding up the progress of reforms. We must take new strides in building the operational mechanism of commodity economy and new systems corresponding to commodity economy, further open up to the world in depth and breadth, and make full use of all favorable conditions and opportunities to step up the exploitation of our resources and of brain power. We must speed up infrastructural construction, readjust the production structure, strive to fulfill the Seventh 5-Year Plan targets, and lay the foundation for formulating and executing the Eighth 5-Year Plan and for invigorating Tibet's economy. [passage omitted]

The people of the region have great hopes in the new leadership groups of the regional People's Congress Standing Committee, people's government, and CPPCC which were elected by these two sessions. We believe that, guided by the spirit of the 13th National CPC Congress, these new leadership groups will unite as one, pool the wisdom and efforts of everyone, and make still greater contributions to speeding up the building of a united, well-off, and civilized new socialist Tibet.

Dalai Lama Seeks Internationalization of Issue
OW0708103488 Beijing BEIJING REVIEW
in English 1-7 Aug 88

["Notes From the Editors" column by An Zhiguo: "The Dalai Lama's New Proposal"]

[Text] On June 15 the Dalai Lama held a press conference at the European Parliament building in Strasbourg, France. He distributed a copy of a speech containing a "new proposal" for making Tibet a "democratic political entity governed by itself" which would maintain relations of "alliance" with China.

Last September, at a Human Rights Subcommittee meeting of the U.S. House of Representatives, the Dalai Lama presented a "Five-Point Plan" on the "Tibetan position." There are some variations between the formulations of the speech and the "Five-Point Plan," but there are no substantial differences: Both attempt to tamper with history, distort reality, and deny Tibet's status as an inalienable part of China's territory under Chinese sovereignty. Their aim is to internationalize the so-called Tibet question. The Chinese Government and people will not tolerate this.

The fundamental difference between the Chinese Government and people on the one hand and the Dalai Lama on the other is whether to safeguard or split the unity of the motherland.

Dalai will never succeed if he attempts to internationalize the Tibet issue and rely on the support of foreign forces to achieve his aim of splitting the motherland. So far, there is no government (including Britain, the United States and India) which has denied that Tibet is part of China.

The Chinese authorities have solemnly declared: "China's sovereignty over the Tibet region is undeniable. The independence, semi-independence and disguised independence of Tibet will not do. The People's Republic of China will not make any concession on the question of sovereignty."

In his June 15 speech, the Dalai Lama claimed that the history of Tibet's independence could be traced back over 2,000 years. People knowledgeable of Tibet's history know that after Songzain Gambo united the various tribes of Tibet in the 7th century, the Tubo Dynasty went through a period of over 200 years of unified development. When the Tubo Dynasty fell in 842, Tibet was again divided, with no tribe being subordinate to another. By the middle of the Yuan Dynasty in the 13th century, Tibet was formally included in the territory of China. Its political and religious systems were all determined by the central government, which ever since has exercised sovereignty over Tibet.

The Dalai Lama alleged that after the Chinese "armed invasion" of Tibet in 1949, the region experienced the darkest period of its history, with the occupation resulting in the death of more than 1 million people and the massive immigration of Han people into Tibet. The statements are utterly groundless. In 1951, Tibet was liberated peacefully after the 17-articles on Measures for the Peaceful Liberation of Tibet were signed in Beijing between the Central People's Government and the Tibetan local government. This put an end to Tibet's history of suffering foreign aggression.

In his cable to Chairman Mao Zedong on October 24, 1951, the Dalai Lama expressed full support for this agreement on behalf of the Tibetan local government as well as the ecclesiastics and secular people in his homeland.

Over the past 30 years Tibet's development from feudal serfdom to a socialist society reflects both the onward march of history and the demands of the Tibetan people. Admittedly, during the ten years of the "Cultural Revolution," Tibet suffered a great deal like other parts of China. But in the ten years since, the Chinese Communist Party has corrected "leftist" mistakes and Tibet has experienced great changes which are evident to all.

As regards Tibet's population, shortly after the peaceful liberation in 1951, it was no more than 1 million, (95 percent) of whom are Tibetans. Only 73,000 are Hans, and the rest are from other nationalities. The Dalai Lama's accusations have not a leg to stand on.

He also claimed he had selected a negotiation group and was prepared to meet the Chinese government. A Chinese authoritative source commented: "So far we have not received any formal letter, cable or oral statement from the Dalai Lama demanding discussions of questions with the central government. In fact, the way is always open to discussions of questions between the Dalai Lama and the central government."

"As long as the Dalai Lama has a sincere desire to improve relations with the central government and wishes to contribute to safeguarding the unification of the motherland, promoting unity between the Tibetans and Hans, and the people of other nationalities and to Tibet's development and prosperity, we are ready at all times to welcome him or his representatives in China or at any Chinese embassy to discuss matters."

Tibetan Opposition to Chinese Rule Reported

HK0608010588 Hong Kong SOUTH CHINA
MORNING POST (REVIEW) in English 6 Aug 88 p 5

[By Paul Ehrlich in Tibet]

[Text] The young Tibetan looked nervously over his shoulder as he spoke. Even though he stood on the roof of the Jokhang temple, the region's oldest and holiest shrine, he feared being overheard by Chinese "spies".

"We will continue to fight for independence," said the man, a member of the rebel Tibetan Youth Congress. "We don't have arms or enough people. But we will continue to demonstrate if China does not give us some form of freedom."

On Lhasa's outskirts, an elderly monk in a maroon robe sat beneath the painted foot prints of Buddha in his residence at Sera monastery. He also spoke of possible "spies" in the prayer hall.

"It is difficult to talk of these things in the open because people might overhear us. The struggle of October and March will be coming again. Tibetans will still fight for human rights."

Downtown, another monk stepped out of the crowded Barkor market and thrust a handwritten note into a reporter's hand. "Tibet is independent. We want freedom. Get the Chinese out. The Chinese are stealing all the resources and minerals from Tibet. Foreign friends, you must help us. Four hundred people from Amdo region have written this note," it stated.

Amdo was formerly northeastern Tibet prior to China incorporating it to Qinghai and Gansu provinces.

Tibetans still cling to their dream of independence since China crushed a revolt in 1959, when at least 89,000 Tibetans were killed and the region's 2,000-year-old civilisation was drastically changed. But the dream appears even further away than their self-exiled spiritual leader, the Dalai Lama, who fled to India.

The Dalai Lama in a June speech called for greater autonomy in Tibet, offering Beijing the power to control Tibet's foreign affairs.

Beijing immediately rejected the Dalai Lama's call, though it was the first time he had made overtures for a compromise settlement. Mr Mao Rubai, vice-chairman and party deputy secretary of the Tibetan Autonomous Region, said on July 20: "The basic tune of the speech is to deny the fact that Tibet is an inalienable part of the People's Republic of China, and to deny the sovereignty of the Government of the People's Republic of China over Tibet. Because of this we reject his speech."

Mr Mao added: "We can have a talk with him on every issue except independence. We shall not talk on anything like independence or semi-independence."

Other senior Chinese officials also have rejected the Dalai Lama's offer, calling it "the dream of separatists to split the motherland".

Most Tibetans look to the 52-year-old Dalai Lama as both a spiritual and temporal leader. But some young Tibetans say they are willing to go against the Dalai Lama's stance of non-violence, and anti-Chinese demonstrations will again break out if Beijing maintains its hard-line policy.

"There will be demonstrations again because the young generation is slowly becoming aware of history," said an old monk who claimed to have spent more than decade in jail during China's disastrous 1966-1976 Cultural Revolution.

During the October and March anti-Chinese riots, hundreds of Tibetans burned cars, threw stones and attacked police in Tibet's capital, Lhasa. At least 11 people died and more than 200 were arrested. Most of the Tibetans have since been released. But religious leaders contend that more than 20 monks and nuns are still imprisoned.

China claims it is trying to allow more religious freedom and to develop the economy of Tibet, which is the poorest region in the nation. Beijing has spent billions of dollars to build factories, hotels and roads as well as developing copper and iron mines, animal husbandry and other industries. Construction can be seen throughout Lhasa. There were also plans to improve the runway of Lhasa's airport to handle 747s and other large planes, Chinese officials said.

But the remote Himalayan mountain region remains dependent on the import of almost all goods and raw materials.

Moreover, many Tibetans say that top jobs go to the ever increasing numbers of Chinese being sent to Tibet.

"If you speak Tibetan and not Mandarin then you can forget about getting a good job," said one frustrated young man. "And if you do get the same job as the Chinese, the pay scale might be the same but they (the Chinese) get more bonuses and benefits."

There is a greater religious tolerance since the People's Liberation Army destroyed monasteries and priceless religious artifacts, burned sacred texts and killed or imprisoned lamas, monks and nuns during the mid-1960s, analysts said.

The scene at the Jokhang temple, the centre of recent riots, is currently calm. A continuous stream of pilgrims and nomads move clockwise round the 1,300-year-old temple. They chant and spin prayer wheels, while others clap hands, kneel and slide on pieces of cardboard or leather in front of the temple. But lamas complain privately they are not allowed to spread their faith and Beijing limits the number of monks allowed at monasteries.

Major monasteries like Sera, Drepung and Ganden have only about 350 monks apiece compared to a pre-1959 population of up to 10,000 monks at each monastery.

Mr Mao, one of Tibet's top officials, dismisses the limits on monks and nuns as a symptom of religious constraint.

"I don't think if the monasteries had more lamas and nuns or even if all the Tibetan people became lamas it would mean religious freedom.

"The policy of religious freedom does not depend on the number of lamas and nuns in the monasteries. It depends on how the local people and how the lamas in the monasteries are able to practise their religion and are able to have freedom in their religious belief according to their will," he said.

But one Tibetan shook his head and smiled and when he was told what Mr Mao said. "They say they are doing more things for Tibet. But the Chinese Government is rebuilding monasteries and other things mainly for the tourists and themselves. It's not for us. It might be possible to still work things out. But I'm not sure. More and more this place is becoming like China."

Tibet's 'Think Tank' Helps Local People
OW0508151688 Beijing XINHUA in English
1148 GMT 5 Aug 88

[Text] Lhasa, August 5 (XINHUA)—Members of Tibet's "think tank"—the Tibet Autonomous Regional Committee of the Chinese People's Political Consultative Conference (CPPCC)—are treating patients, aiding the poor and helping renovate temples.

Danzim Wangza, also vice-chairman of the Ngari Prefectural Committee of CPPCC, is an experienced doctor of traditional Tibetan medicine, and since 1978 he has spent part of his wages buying medicines to treat local people.

In 1982 he donated 20,000 yuan (5,400 U.S. dollars) to the construction of a prefectural hospital of traditional Tibetan medicine. Since then he has trained 120 doctors.

Cering, 47, a farmer of Jomda County, uses his own truck every year to transport firewood free of charge for the childless elderly people in his village.

With the truck, bought four years ago, he earns 30,000 yuan each year. Once he donated 20,000 yuan to help build new homes for the childless aged people and those in financial trouble.

A living Buddha, Zhukang Tubdain, donated 11,300 yuan in 1986 to help local people expand their farms and renovate temples.

Last year, Zhukang, who is also a vice-chairman of the Nagqu prefectural committee of the branch, donated 5,000 yuan for a Tibetan-language training course.

North Region

Paper Views Beijing's Reform of Labor, Personnel
HK0608035288 Beijing RENMIN RIBAO
in Chinese 29 Jul 88 p 2

[Article by RENMIN RIBAO reporter Zhang Shuzheng: "A Difficult Breakthrough—Notes on Reform of Labor and Personnel System in Industrial Enterprises in Beijing"]

[Text] Reform of the labor and personnel system is now under way in 198 industrial enterprises in Beijing. Almost all people, including the mayor and bureau chiefs at the higher level and plant directors, workers, and their family members at the lower level, are involved in the reform.

Reasons and Background for the Inevitable Reform
[subhead]

Reform has been carried out for 10 years. Now, the problem of labor and personnel has become a very sharp problem in deepening enterprise reform.

What is the status quo of enterprises?

The workers working in the front line still cannot get enough work to do. Investigation shows that the effective labor time of advanced enterprises, which have passed the state's second-grade assessment, is only 3.2 hours. The effective labor time of the Sino-foreign joint ventures is also about 5.5 hours. In quite a few enterprises, "some jobs have no workers and some workers have no jobs."

The proportion of nonproductive personnel is increasing, especially in the third line. According to the Labor Department of the municipal Economic Committee, only 50 percent of the 1 million workers in the city's industrial enterprises are working in the first line, and those working in the second and third lines respectively make up 25 percent. In some machine enterprises 70 percent of the workers are in the second and third lines.

Many enterprises are still recruiting contract workers to make up the "deficiency" in first-line laborers. In many enterprises there is both the sense of crisis of the contract workers and the sense of superiority of the permanent workers holding the "iron rice bowl." This leads to "the latter have nothing to do but watch the former work."

Why has all this happened even when the contract system is adopted by the enterprises? The key problem is that the system of "iron rice bowl" has still not been discarded. The old labor and personnel system is still working: The state assigns laborers to enterprises through administrative measures and in a unified way and, by implementing the appointment system and taking a form of permanent workers, the cadres and workers are maintaining a permanent and lifelong relationship with the enterprises. Their employment, even matters such as care during childbirth, old age, illness, and burial arrangements, are all guaranteed by the enterprises.

Thus, their sense of security and stability has been strengthened, and the sense of crisis and risk has been weakened, resulting in the "low income for workers, low efficiency in production, and low economic returns for enterprises." This is sharply contradictory to the mechanism of enterprise assuming sole responsibility for its profits and losses.

Without reforming such a labor and personnel system, the enterprises will be unable to reap high economic returns.

For this reason, the question of reforming the old labor and personnel system and improving the makeup of labor has been made the order of the day.

Each Has His Own Difficulties [subhead]

In a positive sense, improving the makeup of labor means to select and promote high-quality laborers to relevant work posts through competition, streamline the administrative structure, and carry out strict management so that both production efficiency and economic returns can be increased. In a negative sense, it means to dismiss some lazy and incapable workers who just rely on their "iron rice bowls" and do nothing at all, making them await jobs before finding some other way out. Obviously, this is a very difficult and risky reform.

From above to below, people are hesitating to move forward. From plant directors to bureau chiefs and mayors, each has his difficulties.

The municipal leaders are apprehensive that those who are dismissed can find no other way out and the situation of stability and unity may be affected. There are a total of 1 million industrial workers in Beijing. If 5 percent of them are dismissed, there will be 50,000 people awaiting jobs. This is not a small figure.

The municipal Economic Committee is a functional department offering concrete guidance for this reform. They are afraid that reform will be carried out perfunctorily or superficially and that it may not be carried out successfully as the leaders of the higher authorities may not hold identical views.

The plant directors, who are working in the first line, have much more to fear. They are afraid that they will be scolded by those who are dismissed, that they may even be killed by some "hooligans" and "rash fellows;" and that the makeup of labor may not be really improved, for those who should leave may not be willing to leave and those who are in the prime of life, who are most skillful and experienced, and who are most needed by the enterprise may wish to leave. They are also afraid that the policies may change and they may come to no good end in the future.

The workers are also afraid that they may lose their jobs or get less money.

Besides, for many years in the past, the practice of "low wage and wide-ranging employment" was regarded as an expression of the superiority of socialism, but now it is regarded as a defect and will be discarded. Thus, some people are apprehensive as to whether it holds water in theory.

Find Solutions at the Grassroots and in Practice [subhead]

It is understandable that some people are hesitating to move forward and are taking a wait-and-see attitude. What is to be done? The municipal party committee and government proposed to experiment and investigate the grass-roots units so that we can find solutions there through practice.

Mayor Chen Xitong stayed in Pinggu County to gain firsthand experience.

Wu Yi, the female vice mayor in charge of industry, held a forum in the Beijing Jeep Company, a Sino-U.S. joint venture, and discussed matters with the U.S. managing personnel.

The director of the municipal Economic Committee "dissected the sparrow" of the Beijing No 2 Automobile Plant.

The deputy director of the same committee visited a small factory on the north of the Summer Palace—the Beijing Air Gun Factory.

Reform at the grass-roots level has widened the people's field of vision, and practice has inspired the people.

In Pinggu County, a new situation has appeared, in which the state-owned industrial enterprises are developing at a higher speed and achieving greater economic returns than township and town enterprises. The main reason is that the system of "iron rice bowl" has been broken and the makeup of labor has been improved. Some 20 plant directors and more than 60 deputy directors of this county have been "removed from their posts" and more than 200 permanent workers are not included in the improved makeup of labor, but none has made any trouble.

In the No 2 automobile plant, through streamlining administration and reducing the staff twice in the 1st half of the year, the number of factory leading cadres has been reduced from 10 to 2 and the number of office staff has been reduced from 52 to 35. A total of 2,200 cadres and workers have been removed from their posts. Some of them have gone to work in the first line while the majority are now engaged in the "tertiary industry" or other trades. Labor productivity of the plant has increased by 61.6 percent compared with last year.

Zhao Xiuzhen, a female Communist Party member in the Beijing Air Gun Factory, was accountant and chief of the Financial Section of the factory for 20 years. In June last year, when production was in a tight spot, she and 7

other workers contracted the factory by lease and she was appointed director. At that time, quite a few cadres and workers wanted to be transferred to other factories and some of them did not go to work for a long time. Zhao Xiuzhen then thought: Is the "iron rice bowl" feeding lazybones and idlers really an expression of the superiority of socialism? In August, she boldly smashed the "iron rice bowl" system. All cadres and workers had to sign contracts for their work posts. Very soon, the enterprise was extricated from the difficult situation.

A fundamental change took place when people discussed the matter at the work meetings of the mayors, the municipal economic committee, and various industrial bureaus.

Mayor Chen Xitong said: "In reform of the labor and personnel system, we overemphasized the difficulties in the past and failed to see the favorable conditions that have been created since implementing the policy of reform and opening up. Now that reform has been carried out for 10 years, as economic work has been enlivened, there are more opportunities for employment. Especially, in the capital, there are more jobs to do to serve the whole country and the whole world. Through reform and opening up, the people's theoretical level and standard of living have both been increased. They have also become more capable of enduring such things as removal from original posts and unemployment." Wu Yi said: "The mechanism of competition is a main feature of the commodity economy. Improving the labor combination means to act in accordance with the law of commodity economy. If the 'iron rice bowl' is not smashed, the traditional virtues of the industrious and honest Chinese nation will be polluted."

Practice has heightened people's confidence and courage. An important policy decision was finally made.

In the first half of the year, experiments were carried out in 44 enterprises in Beijing for improving the makeup of labor, in which more than 50,000 staff and workers were involved. Initial success has been achieved since the "iron rice bowl," "iron chair," and "iron wage" systems were smashed. Then, reform was extended to 154 enterprises. It will also be carried out in 220 other enterprises. It is expected that 50 percent of the city's enterprises will take the same road within this year.

Beijing Firms Participate in Social Security
OW0608090988 Beijing XINHUA in English
0745 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—Beijing now has more than 10,000 enterprises that employ 1.9 million workers participating in a social security pension plan, which was introduced in the capital in January 1987.

Beijing's retirees used to get a pension from their previous employer, but under the new system, which is now popular in 1,600 cities and counties nationwide, retired workers are paid directly by the Labor Department where employers make pension payments.

According to a recent conference, the new system has helped a Beijing coal company reduce pension payments from 680,000 yuan (183,000 U.S. dollars) to 307,800 yuan (83,200 U.S. dollars), which has helped the company get back on its feet.

Beijing Reports Fewer Hepatitis Cases

OW0608084188 Beijing XINHUA in English
0717 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—Hepatitis sufferers in China's capital numbered 5,985 during the first six months of this year, which was 20.2 percent less than the same 1987 period, today's "HEALTH NEWS" reported.

According to the paper, Beijing took preventative measures to stop the spread of the disease after an outbreak hit Shanghai earlier this year.

Beijing's universities and colleges tried to persuade students not to visit infected areas during the winter vacation. More than 30 institutions of higher learning in the capital's Haidian District gave physical check-ups to 12,612 returning students, and the 30 hepatitis sufferers found were quarantined.

As a result, the incidence of hepatitis in these schools dropped 39 percent compared with the same period last year, the paper said.

Northeast Region

Northeast Joint Economic Study Meeting Held

SK0608084888 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 5 Aug 88

[Text] The second joint economic study meeting of various cities in the three northeast provinces was held in Changchun from 3 to 5 August. More than 20 people, including comrades of Liaoning, Heilongjiang, and Jilin Provinces and of Shenyang, Dalian, and Harbin cities as well as experts and scholars of the economic research centers attended the meeting.

The meeting studied and discussed new measures for various cities in the three northeast provinces to cope with the new strategy for coastal areas and the development of an export-oriented economy in the whole northeast region.

The meeting also studied and discussed how to fully exemplify the role of the consulting and research organs under the new situation of reform and opening up.

Delegates attending the meeting offered many good views and suggestions about how various cities in the three northeast provinces can study measures to cope with the new strategy for coastal areas, develop an export-oriented economy, and further exemplifying the role of the consulting and research organs.

Foreign Firms Attracted by Heilongjiang Plain

OW0608112888 Beijing XINHUA in English
0938 GMT 6 Aug 88

[Text] Harbin, August 6 (XINHUA)—The open development of the Heilong-Usuli-Songhua River Plain in northeast China's Heilongjiang Province has been attracting foreign interest. More than 10 foreign firms are due to set up joint ventures there.

According to the development office of the Heilongjiang State Farm General Bureau, two Japanese companies have signed an agreement with the provincial reclamation zone under which the two companies will lend 79.3 million yen in return for soybeans and other farming and sideline products over a period of 15 years.

A Danish company is negotiating to lend money to the Jiangchuan Farm to import advanced equipment to renovate the farm's flour mill and to set up a comprehensive processing plant of dairy products with a daily capacity of processing 70 tons of fresh milk.

West Germany has expressed interest in the artificial cultivation of mountain grapes, the intensive processing of flax and setting up a beef production base.

Jilin To Have Grain Storage Problems

OW0608034688 Beijing XINHUA in English
0158 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—Jilin Province, one of northeast China's major grain producers, will have a hard time finding enough space to store all the grain which will be harvested between this October and next September.

As of the end of last March, the province had sold 8.85 million tons of grain to the state, but still had 9.3 million tons in storage, with both figures all-time highs, today's "PEOPLE'S DAILY" reported.

According to the paper, the local government predicts as much as 6 million tons of grain will still be in granaries this September because the state will no longer be buying as much grain from the province.

In addition, individual farmers are expected to keep up to 1 million tons of grain in storage.

As a result of this surplus, the paper explained, there will be no place to store the 8 million tons of grain scheduled to be harvested this year, and so far, the provincial government hasn't worked out a solution to this problem.

The paper cited the main reasons for overstocking as big grain imports from abroad in 1987, reluctance to ship grain out because of increased transportation costs and a shortage of railway cars.

Liaoning Statistics on Economic Development
SK0808031088 Shenyang DONGBEI JINGJI BAO
in Chinese No 273 23 Jul 88 p 1

[Excerpts] A news briefing on 20 July sponsored by Zhang Benbo, director of the Liaoning Provincial Statistical Bureau, made public the following:

During the 1st half of this year, Liaoning Province has maintained a sustained and steady trend of economic increase thanks to allowing reform to play a dominant role in the overall work, conscientiously implementing the economic development strategy for coastal areas, concentrating efforts on opening the Liaodong Peninsula to the outside world, and deeply launching the campaign of increasing production, practicing economy, increasing revenues, and reducing expenditures. However, some problems that merit our attention still existed. Preliminary calculation showed that during the 1st half of this year, the GNP of the province reached 31.3 billion yuan, an increase of about 10 percent over the corresponding period of last year; national income reached 24.37 billion yuan, an increase of 12 percent; total industrial output value was 49.43 billion yuan, an increase of 15.7 percent; investment in fixed assets of state units reached 5.23 billion yuan, an increase of 26 percent; the total volume of commodity retail sales reached 17.89 billion yuan, an increase of 20.7 percent; and local revenue reached 5 billion yuan, an increase of 5.5 percent. In short, the overall economic result situation took a favorable turn. Major indicators were as follows:

1) Agricultural input increased, production conditions were further improved, the crop distribution structure tended to be reasonable, and the production situation was better than that of last year. There were signs of a hog production increase. By the end of June, the province had 9.207 million hogs in stock, a drop of 3 percent from the corresponding period of last year. However, the output of pork still increased by 2.2 percent and reached 162,500 kg. 2) A sustained and steady increase in industrial production was registered. The overall economic situation took a favorable turn. [passage omitted] 3) Under the situation in which social requirements were expanded, transportation, and postal and telecommunications departments firmly tapped their potential. Thus, their business volume and port loading and unloading capacity continuously increased. 4) The structure of investment in fixed assets was improved. Nine key projects the construction of which was organized according to reasonable time limits were completed by 50.1 percent. 5) Liaodong Peninsula has made more rapid progress in opening to the outside world. Import and export trade was ceaselessly expanded. During the first half of this year, the total import and export trade volume reached \$2.3 billion and the total value of export

commodities reached \$2.07 billion. 6) Purchasing and marketing were brisk. Various kinds of commodities found sustained brisk markets. The commodity marketing volume increased by a large margin. [passage omitted] 7) The revenue and banking situation was comparatively good. During the first half of this year, local revenues were 5 billion yuan, the local expenditures reached 3.5 billion yuan, and the savings deposits of the banks throughout the province increased by 5.72 billion yuan over the corresponding period of last year. 8) Residents' cash income continuously increased. The calculation made in terms of a sample survey showed that during the first of this year, the per capita income of the province's urban dwellers reached 499.74 yuan, an increase of 51.6 yuan over the same period of last year; and the per capita income of the peasants reached 390.73 yuan, an increase of 68.71 yuan.

Shenyang Women Lead in Export Production
OW0708131388 Beijing XINHUA in English
1203 GMT 7 Aug 88

[Text] Shenyang, August 7 (XINHUA)—Women have taken leading roles in export production in Xinjin County in northeast China's Liaoning Province.

According to statistics supplied by the county government, women make up more than half of the total labor force in the 10 major export production enterprises in the county. They are engaged in production of clothing, chickens, edible fungus and furs.

Garment exports are a mainstay of the county. About one third of the gross export value comes from exporting clothes, according to a senior official from the county's foreign economic and trade department.

Li Guilian, the only woman named one of the ten best entrepreneurs in the country in 1988, is a manager of the county's Yangshufang Clothing Factory. It exported 1.5 million items of clothing last year and the gross export value totalled seven million U.S. dollars, accounting for 24 percent of the county's total.

The factory plans to double its export value this year, and half of the planned target has already been realized.

Liaoning Executes Murderer of Woman Entrepreneur
OW0608003388 Beijing XINHUA in English
1428 GMT 5 Aug 88

[Text] Shenyang, August 5 (XINHUA)—A man was executed here today for murder of a nationally renowned woman entrepreneur.

Li Dan, 23, received the death sentence July 30, after he was convicted of knifing Wang Shuqin, manager of the Shenyang People's Hotel, to death following a dispute July 26.

Li was an employee of the hotel, and was angry at the manager's refusal of his request for a transfer.

The death sentence was passed by the city's intermediate court, and Li declined to appeal to a higher court.

For her success in improving the hotel's services, Wang, 39, received titles of honor from both the Ministry of Commerce and the Liaoning provincial government.

She was posthumously granted two more titles of honor, namely, "Revolutionary Martyr" and "Model Worker" by the Liaoning provincial and Shenyang city governments, respectively.

Northwest Region

Gansu Sets Up Economic Development Test Zones *OW0808091288 Beijing XINHUA in English 0600 GMT 8 Aug 88*

[Text] Lanzhou, August 8 (XINHUA)—Gansu Province in northwest China has just set up five economic development test zones for energy, mineral and raw material resources along the upper reaches of the Yellow River.

A group of planners for these test zones headed up by Jia Zhijie, governor of the remote province, has started overall planning along with the assistance of nine specialized groups.

The five new zones are part of an overall plan to develop the province's poverty-stricken areas along the upper reaches of the Yellow River. These areas are the home of many ethnic minority groups and extend into Gansu and Qinghai Provinces and the Ningxia Hui Autonomous Region.

To carry out the overall plan, the Gansu authorities have decided to set up these five test zones to make better use of the big market created by shortages of raw materials in China's coastal areas.

The five zones include the Lianhai zone which is rich in ferro-silicon and electrolyte aluminum; two nonferrous metal bases; Jinchang, which is expected to become China's nickel capital; and a technological development zone.

Provincial authorities agree Gansu should develop energy resources and also push the development of the raw material industry to create a dominant industry in the area and turn resources into profits.

To promote zone construction, the provincial government has worked out relevant policies, and the governor and vice-governors have visited factories and companies to help handle grass-root affairs.

State and government leaders consider the plan important to the development of the upper reaches of the Yellow River.

Concerned state planning commission departments have dispatched researchers in agriculture, forestry, water conservation, metallurgy, chemicals and energy to inspect the area.

Shaanxi Meeting on Productive Forces Criterion *HK0708021788 Xian Shaanxi Provincial Service in Mandarin 2330 GMT 6 Aug 88*

[Excerpts] A 3-day provincial conference of prefectural and city party committee secretaries concluded in Xian on 6 August. The main agenda consisted of studying and making arrangements for deepening the discussion on the productive forces criterion, now underway throughout the province, and promoting the development of reforms and construction. The meeting also discussed stepping up the party's discipline inspection work. [passage omitted]

Provincial party committee Secretary Zhang Boxing delivered a speech entitled "Enhance Understanding, Strengthen Leadership, and Continually Deepen the Mass Discussion on the Productive Forces Criterion." After fully endorsing the achievements in this discussion in the previous period, he pointed out that three problems still exist: 1) Some comrades lack sufficient understanding of the significance of this mass discussion, and some of them even doubt its necessity. 2) Some leaders fail to attach sufficient importance to this discussion and have not organized it properly; some of them are not even bothered about it. 3) Some units and localities fail to gain good results from the discussion due to poor methods.

In view of these problems, Comrade Zhang Boxing gave the following views:

1. Fully understand the importance and necessity of launching the discussion on the productive forces criterion.
2. For leading cadres to take the lead constitutes the key to deepening the discussion. The discussion activities should mainly take place in the leadership groups at all levels. [passage omitted]
3. Uphold the guideline of linking theory with reality and stimulate the development of reforms and construction. [passage omitted]
4. Use the productive forces criterion as the fundamental basis for correctly observing, analyzing, and judging the situation in the reforms. In carrying out education in the situation, we must take a firm and clear-cut stand in proclaiming the tremendous achievements of the reforms over the past 10 years and explain the difficulties in reforms in a truth-seeking way. When the reforms enter a crucial period, we must strengthen party leadership and must not weaken it. We must intensify the authority of the policies, and cannot weaken it. We must strengthen discipline, and cannot weaken it.

5. Improve organizational leadership and do a good job in media propaganda.

Comrade Zhang Boxing also gave views on improving party discipline work. He said that since the party's discipline inspection organs must provide good service for establishing a new order of socialist commodity economy, they too must uphold the productive forces criterion. They cannot discuss merits and demerits in party style or evaluate good or bad performance by the cadres without taking the development of productive forces into account. It is essential to protect persistently and commend comrades who are eager for reform and make outstanding contributions to developing the productive forces. It is essential to provide enthusiastic help for comrades who display shortcomings and even make mistakes in the course of reform due to lack of experience, to protect their enthusiasm. It is essential to deal severely with those violators of law and discipline who take advantage of loopholes in reform to abuse powers for private purposes, to ensure the development of the productive forces.

Shaanxi Capital Builds High Technology Zone
OW0608061688 Beijing XINHUA in English
0542 GMT 6 Aug 88

[Text] Beijing, August 6 (XINHUA)—Xian, the capital of northwest China's Shaanxi Province, is busy building a high technology development district in the western suburbs.

According to today's overseas edition of the "PEOPLE'S DAILY," Xian's new "electronics town" is a joint 640-million-yuan (173 million U.S. dollars) investment of the Ministry of Machinery and Electronics Industry, the Ministry of Aerospace Industry, and other departments.

The project's first phase, which started in June 1986, is almost finished, and when the second phase starts operation the "town's" annual electronics industrial output value is expected to be 2 billion yuan (541 million U.S. dollars).

Sitting on 15 square kilometers, the report said, Xian's "Electronics Town" will be the country's largest of its kind, and will be involved in scientific research, production and education.

The town houses 3 universities and a score of research institutes and enterprises, with a total staff of 30,000, including 10,000 research workers.

Xinjiang Receives Kazakh SSR Trade Delegation
HK0708011888 Urumqi Xinjiang Regional Service
in Mandarin 0000 GMT 7 Aug 88

[Text] An economic and trade delegation from the USSR Kazakh Soviet Socialist Republic arrived in Urumqi at noon on 6 August. During its stay, the delegation will

hold trade and economic and technological talks with Xinjiang units concerned on textiles, chemical industry, electric power, iron, steel, and machine building.

Yesterday evening regional government Chairman Tomur Dawamat met and gave a banquet for the delegation.

Xinjiang Formulates Rules for Demonstrations
HK0608014988 Urumqi Xinjiang Regional Service
in Mandarin 0000 GMT 6 Aug 88

[Excerpts] The third meeting of the Seventh Xinjiang Regional People's Congress Standing Committee opened in Urumqi yesterday morning. The meeting will examine and approve the draft of the region's provisional regulations on citizens' processions and demonstrations, and other legislation. [passage omitted] Vice Chairman Li Jiayu presided at the meeting. [passage omitted]

(Dong Yangyu), director of the regional Public Security Department, explained the draft of the region's provisional regulations on citizens' processions and demonstrations. He pointed out that formulating these regulations is for the purpose of implementing the relevant principles of the constitution and ensuring that the citizens of the region may lawfully and properly exercise their freedom and right of procession and demonstration. It is also aimed at lawfully curbing the indiscriminate use of this freedom and right, preserving and developing the political situation of stability and unity in Xinjiang, and ensuring that the building of socialist democracy and legal system will proceed synchronously. [passage omitted]

(Dong Yangyu) said that the draft of the provisional regulations has been put forward in accordance with the principles of the Constitution and the law. On the one hand, the people's government at all levels must guarantee the democratic rights of the citizens to be concerned for the major affairs of state, express their own opinions and demands, and take part in the state's political life. On the other, the regulations also stipulate the guidelines for conduct to be observed by the citizens when exercising these democratic rights.

He said: The draft provisional regulations contain detailed provisions regarding the scale of processions and demonstrations, the system for making applications, examination and approval jurisdiction, and the responsibilities of the public security organs. To ensure the smooth conduct of processions and demonstrations, the regulations explicitly stipulate the responsibilities of their organizers and the behavior to be observed by citizens while engaged in processions and demonstrations. The draft also stipulates punishments for violating the regulations.

'Rambling Talk' on KMT's New Mainland Policy

Policy Criticized

OW0508120288 Beijing in Mandarin to Taiwan
0205 GMT 25 Jul 88

["Rambling Talk on State Affairs" by Liu Wei]

[Excerpts] [passage omitted] Dear listeners, The passage of the current-stage Mainland China policy by the 13th Kuomintang (KMT) Congress showed that the KMT authorities are no longer trying to blind themselves to the existence of mainland issues. Instead, they faced up to it and worked out policies, which, indeed, is a great step forward. [passage omitted]

It is applaudable that, bowing to the strong criticism by the legislators and the strong pressure from society, the KMT revised its draft current Mainland China policy. For example, the provision to "handle on a case-by-case basis requests by mainland compatriots to come to Taiwan to attend funerals of direct relatives or spouses" is revised to "handle on a case-by-case basis requests by mainland compatriots to come to Taiwan to visit sick or attend funerals of direct relatives or spouses." [passage omitted]

Dear listeners, although some improvement has been made, the KMT's current Mainland China policy, on the whole, is still conservative, passive, and a far cry from what the people on both sides of the strait expected.

The policy was criticized at the 13th KMT Congress by many delegates as lacking in perception for the future and initiative and being unrealistic and empty. What is allowed by the new policy lags far behind the interchange already going on between the people on both sides of the strait. They urged more openness and called the current Three No's Policy too passive, etc. At the congress, 55 delegates jointly urged the KMT Central Committee to formulate as soon as possible an economic and trade policy with mainland China and to ease its restrictions on visits with relatives. [passage omitted]

Dear listeners, I think the newly enacted current-stage Mainland China policy by the Taiwan authorities is, in reality, the result of the KMT's insistence on its Three No's Policy. [passage omitted] The new Mainland China policy differs from the past only in that it separates the CPC from China, that it handles mainland compatriots and the CPC regime separately, and that the government insists on three no's while the private sector is allowed a certain degree of freedom. Thereby, the Three No's Policy is made more flexible.

When boiled down, the current-stage mainland China policy is but a front for the KMT's pragmatic approach toward Mainland China. [passage omitted] It reflects that, in dealing with the relations between both sides of the strait and the reunification of the country, the KMT

only cares about its own short-term interests and disregards the long-term interests of the nation. Therefore, this policy is not one with perception for the future. Instead it falls far behind its own time and the current trend. [passage omitted]

Dear listeners, the Taiwan authorities not only insist on the Three No's Policy, but also maintains a hostile attitude toward Mainland China. The current draft Mainland China policy states clearly that the ultimate goal of the party's current Mainland China policy is to eliminate the authoritarian rule of the Marxist-Leninist communist regime and build a free, democratic, equally prosperous, peaceful, united New China, while the goal of the current stage is to extend Taiwan's experience, support the democratic movement on mainland China, exert Taiwan's political and economic influence, and win over the hearts of the mainland people. In other words, they want to encourage democratization in politics, liberation in economy, and Chinese emphasis on culture on Mainland China.

This reveals that the real purpose of the KMT's new Mainland China policy is not to promote interchange between both sides of the strait and thus facilitate the reunification of China, but to use politics to attack Mainland China. That is, they want to carry on Jiang Jinguo's policy of "one China, anti-Taiwan-independence, no one-country-two-systems" and create a prolonged confrontation where they keep peace but refuse to talk with Mainland China, and where they separate but not completely sever themselves from Mainland China. [passage omitted]

Policy Faces Reality

OW0708134788 Beijing in Mandarin to Taiwan
0205 GMT 1 Aug 88

["Rambling Talk on State Affairs" program by Liu Wei]

[Excerpts] Dear listeners, during the 13th Kuomintang [KMT] Congress, compatriots on both sides of the strait hoped that the KMT authorities would adopt a more rational, positive, practical, and feasible mainland policy for promoting exchanges between the two sides. Now that the 13th KMT Congress is over and a new mainland policy has been adopted, what is the newly adopted current policy toward the mainland and does it fulfill the expectations of the compatriots on both sides? Recently this has been a hot discussion topic of Taiwan's mass media. Today, I would also like to discuss this question with you.

Dear listeners, the current policy toward the mainland adopted by the 13th KMT Congress indicates that the KMT authorities can now face up to the reality of their mainland problem. The realistic mainland policy formulated by the congress represents major progress. According to the new mainland policy, a mainland work guidance group will be set up under the KMT Central

Committee, and the government will institute a mainland work briefing system for overall planning and formulation of the policy and coordinating departments concerned on mainland affairs. This indicates even more that the Taiwan authorities have begun to not only pay keen attention to the mainland issue, but also to realize the importance of mainland policy at the current stage.

It is praiseworthy that the KMT authorities, yielding to the criticisms of congress deputies and the pressure of public opinion, revised several points in the draft of the current mainland policy. [passage omitted]

The CPC Central Committee and the government of the motherland welcome the KMT's progress in its mainland policy. Li Menghua, chairman of the Chinese Olympic Committee, promptly issued a statement urging the China Taipei Olympic Committee to send a delegation to the 11th Asian Games and expressing readiness to make things convenient for Taiwan athletes to take part in the games.

Dear listeners, although some progress has been made in the KMT authorities' current mainland policy, the policy, as a whole, remains conservative and passive and falls far behind the expectations of compatriots on both sides of the strait. The policy was criticized by many delegates to the 13th KMT Congress. They said: The new mainland policy lacks farsightedness and initiative, and it is impractical and devoid of substance; it is not even as open as the current nongovernmental exchanges; it should be more open; and the current Three No's Policy is too passive, etc. During the congress, 55 deputies jointly submitted a motion to the KMT Central Committee calling for formulating an economic and trade policy toward the mainland and relaxing the regulations on family visits to the mainland as soon as possible. As for people in various circles in Taiwan, including public servants and teachers, they are even more disappointed at the authorities' new mainland policy. [passage omitted]

Dear listeners, in my opinion, the Taiwan authorities' new mainland policy is, in fact, a product of the KMT's obstinate adherence to the Three No's Policy. It is said that in a recent private meeting with some National Assembly members, Li Teng-hui described the Three No's Policy as a wise strategy of dealing with a volatile situation by taking no action. Many senior KMT officials also publicly declared that the Three No's Policy should not be abandoned. Some even felt that exchanges between the two sides should not be relaxed further and should be controlled within nongovernmental, single-project, and indirect scopes.

The Taiwan authorities' new mainland policy differs from the previous one only in the following three principles: that is, in drawing a line between the Chinese Communists and China; in differentiating between the mainland compatriots and the Communist Chinese regime; and in upholding the Three No's stance officially while opening up to a certain level on a nongovernmental basis.

Under these three principles, the Three No's Policy can become more flexible. To put it bluntly, they are actually aimed at camouflaging the KMT authorities' pragmatic mainland policy. With these principles, the KMT authorities will be able to do what should and what should not be changed in their exchanges with the mainland, rejecting whatever is disadvantageous for them under the Three No's stance while accepting things that are advantageous in line with the three principles and in the form of nongovernmental activities. In this way, the principles fully reflect the KMT authorities' narrow-mindedness in considering selfish, immediate minor interests and ignoring the long-range national interests on the major issues dealing with relations between the two sides of the Strait and national reunification. Therefore, the KMT's new mainland policy is by no means one of farsightedness, but of anachronism. Even Li Teng-hui realized this point when he recently promised to work out an active mainland policy by December this year. For the time being, however, the Three No's Policy, of course, will be continued.

Dear listeners, the Taiwan authorities have not only obstinately adhered to the Three No's stance but also continued to harbor hostility toward the mainland. The draft of the current mainland policy clearly stated: The ultimate goal of our party's mainland policy is to eliminate the totalitarian rule of the Marxist-Leninist communist system and establish a free, democratic, peaceful, and united New China where wealth is evenly divided. The goals at the current stage are to spread Taiwan's experience, support the democratic movement on the mainland, and exert political and economic influence to win popular support on the mainland. In other words, they want to promote political democratization, economic liberalization, and sinicization of culture on the mainland.

This reveals the true countenance of the KMT authorities' new mainland policy which basically is not aimed at facilitating exchanges between the two sides and reunification of China, but at staging a political counterattack on the mainland. In other words, the new mainland policy is a continuation of the late Chiang Ching-kuo's basic policy, which advocates one China, opposes Taiwan's independence, and rejects one country with two systems, thus giving rise to a prolonged battle of wits in which there is peace but no negotiations, and division but no secession. With this policy, the KMT wishes to transplant Taiwan's experience on the mainland, and to realize the aim of using Taiwan as the base for a national renaissance and peaceful transformation of the mainland.

Dear listeners, please think about this: With this aim in mind, how is it possible for the KMT authorities to formulate a more active, rational, realistic mainland

policy to facilitate the development of the situation on both sides of the strait? Of course, it is impossible. Many people on Taiwan believe the KMT authorities should not have implemented the policy of perpetuating hostility toward the mainland. I, too, believe the KMT authorities should drop their hostile stand toward the mainland. They should put the national interest above everything else, conform with the historical trend, and show broad-mindedness in a true sense by working out a rational and farsighted mainland policy that will open up all fronts and promote mutual exchanges between the two sides.

Taiwan, Mainland Scholars To Hold Symposium
OW0708111388 Beijing XINHUA in English
0549 GMT 7 Aug 88

[Text] Beijing, August 7 (XINHUA)—More than 30 Taiwan scholars will hold an academic symposium in Beijing with scholars from the Chinese Academy of Social Sciences on Taiwan's politics and economics.

The scholars are members of the Historical Studies Society of Taiwan, who arrived in Beijing last night after a one-week stay in Xiamen, Fujian Province.

According to the Chinese Academy of Social Sciences, it will be the first time for 40 years for scholars from the mainland and Taiwan to get together at such a large academic symposium.

Early this year, the society invited mainland scholars to attend an academic meeting marking its founding. Two mainland scholars sent two papers on Taiwan history to the society as they failed to get permission to participate from the Taiwan authorities.

The Taiwan delegation will stay in Beijing for a week before flying to Xian.

Taiwan-Funded Projects in Fujian Increase
HK0508131988 Beijing CEI Database in English
5 Aug 88

[Text] Fuzhou (CEI)—Southeast China's Fujian Province, in the first half of this year, signed 41 contracts on Taiwan-funded projects, with a total investment of 36.2 million U.S. dollars.

These are mainly labor-intensive productive projects.

Increasing Number of Taiwanese Visit Shanghai
OW0408153388 Beijing XINHUA in English 1152 GMT
4 Aug 88

[Text] Shanghai, August 4 (XINHUA)—A total of 54,000 Taiwanese came to Shanghai to visit relatives or for sight-seeing in the first half of this year, almost as many as visitors from Hong Kong and Macao to the city in the same period.

In May and June, the number of Taiwan visitors to the city was double that of visitors from Hong Kong and Macao, city officials told XINHUA today.

Since the Taiwan authorities lifted the ban on mainland visits by Taiwanese last year, the number of Taiwan visitors to the city has been on the rise.

In addition, the city received 412,000 overseas visitors, a 23.7 percent growth over the same period of last year.

U.S. Omnibus Trade Bill Causes Local Reactions

Economics Minister on Effects

OW0608033488 Taipei CNA in English 0241 GMT 6 Aug 88

[Text] Taipei, Aug. 6 (CNA)—The newly approved U.S. omnibus trade bill, to become effective immediately after President Ronald Reagan signs the bill, will significantly affect the Republic of China's trade, Economics Minister Chen Li-an said Friday.

The government should be especially careful in handling future trade talks with the United States so as to give the U.S. no reason to invoke Article 301 of the trade act, Chen said.

To respond to the omnibus trade bill, he stressed that the government should continue to emphasize economic liberalization and internationalization as long-term strategic goals, and to continue to lower tariffs and expand public investments as short-term tactical efforts.

His ministry will strengthen the functioning of various industrial associations and will step up cooperation with private enterprises in a joint effort to minimize the impact of rising international protectionism, he said.

The strongly protectionist trade bill covers more issues than Article 301, including labor rights, intellectual property rights, high technology transfers, agricultural trade and currency exchange rates. All these issues will be sure to be included in future trade talks with the U.S. and will require special care, he said.

The bill will also authorize U.S. trade officials to take punitive measures if they think certain imported items will hurt similar U.S. products, he pointed out, adding that both government and business should pay great attention to this point.

Bill Termed 'Bombing Strike'

OW0608031788 Taipei CNA in English 0247 GMT 6 Aug 88

[Text] Taipei, Aug. 6 (CNA)—The passage of the omnibus trade bill by the U.S. Congress Thursday [4 Aug] is considered a bombing strike at the world economy, so the Republic of China [ROC] Government should carefully study it before preparing a counterplan, a senior official of the Ministry of Economic Affairs said Friday.

Wang Chien-shien, vice economics minister, said the ROC Government should carefully study the U.S. omnibus trade bill to see whether it conforms to the principles and spirit of the General Agreement on Tariffs and Trade (GATT).

Wang disclosed that the Economics Ministry is compiling the opinions of relevant government agencies and business circles before proposing a counterplan to the government.

"It seems like a United States bombing strike at the world economy," the vice economics minister said. "We are very concerned about its possible impact on our nation's economy."

Wang stressed that the government will certainly continue the ROC's economic liberalization and try to apply for readmission to GATT.

If the ROC reenters the international trade organization, it will help the country appeal for justice and equal treatment when charged with trade injustices, Wang said.

Ministry Studies 'Countermeasures'

OW0708054188 Taipei CNA in English 1537 GMT 6 Aug 88

[Text] Taipei, Aug. 6 (CNA)—Economics Minister Chen Li-an Saturday instructed his ministry to consider in advance countermeasures to cope with the omnibus trade bill which has cleared the U.S. Congress and is widely expected to be signed by President Ronald Reagan.

Chen, in a ministry meeting, ordered responsible Economics Ministry agencies to study what adverse impacts the "protectionist" trade bill might bring to industries in the Republic of China [ROC]. He also asked local industrial associations to present reports on the issue for government reference.

The minister, who just assumed the post in late July, admitted that the U.S. trade bill, which aims mainly to open foreign markets and cut U.S. trade deficits, has caused [preceding word as received] heavy pressures on and serious worries in the ROC Government and industrial circles.

To ward off possible adverse effects from the bill, Chen said the government should take a more flexible policy on foreign exchange rates, further lower the nation's import tariffs and expand domestic public investment.

Stressing that the government and the private sector are in the same boat, he called on local industries to cooperate closely with the Economics Ministry in order to weather the difficulties ahead.

Vice Economics Minister Li Mo said in the same meeting that the nation must step up crackdown on counterfeiting and strengthen protection of intellectual property rights so as not to make itself a target of U.S. retaliation.

Li added that the nation must also accelerate the pace of its economic liberalization because this is the best way to counter trade protectionism.

Local manufacturers should continue their efforts to diversify foreign markets, Li said. He also suggested that they pay more attention to the growing domestic market.

Meanwhile, Lai In-jaw, director of the Finance Ministry's Customs department, also said that the nation should accelerate its market diversification efforts in

order to lessen its heavy dependence on trade with the U.S. In addition, the nation should increase investments overseas and move labor-intensive industries to such countries as Thailand and Malaysia so as to reduce its trade surplus with the U.S.

Commenting on the impact of the U.S. trade bill, which includes various provisions requiring the American Administration to retaliate against countries running huge trade surplus with the U.S., Lai said America will likely use the bill to press its trading partners to reduce tariff and non-tariff trade barriers and to appreciate their currencies.

To cope with expected U.S. pressures on such issues, especially the currency issue, he suggested that the government further review the nation's customs tariffs and formulate counter strategies to deal with the U.S. in future currency talks.

In the southern Taiwan port city of Kaohsiung, the export processing zone administration predicted that the nation's shoe industry will be one of the most hard-hit by the U.S. trade bill because one of the provisions in the bill stipulates that the American shoemakers should be protected from being threatened by imported shoes.

The ROC was the largest supplier of footwear to the U.S. last year.

Commentary on Coping With Bill

OW0708105388 Taipei Domestic Service in Mandarin
2300 GMT 5 Aug 88

[Station commentary: "Ways To Cope With Contingencies Arising From U.S. Omnibus Trade Bill"]

[Text] The recent passage of the new omnibus trade bill by the U.S. Senate has once again drawn everybody's attention to the future development of Sino-U.S. economic and trade relations. The omnibus trade bill has made a fairly serious impact on our nation in the following areas:

1. The currency exchange rate will be affected directly. The new bill requires bilateral talks with countries which control foreign exchange rates in order to coordinate an appropriate rate. This will exert fairly direct pressure on our nation in readjusting exchange rates in the future.

2. Article 301 stipulates retaliation against unfair trade practices. The U.S. President will authorize the trade representative office to order retaliation. Therefore, our nation will face more thorny issues in Sino-U.S. trade talks.

3. Export-oriented measures, violations of international labor rights, and so on will result in retaliation. In the future, our nation should perfect legislation, readjust countermeasures, and upgrade production structure and productivity so as to dispel the threat of U.S. trade sanctions.

4. Protection of intellectual property rights will be stricter than ever. The right to present evidence of violation has also been expanded. This will have a more unfavorable impact on our nation's products.

The new U.S. omnibus trade bill considerably broadens the definition of what the United States terms "unfair" and "unreasonable" trade practices. The authority of retaliation has also been expanded. This will affect our nation's future economic development.

Under these circumstances, our nation and the general public should not only heighten their sense of crisis, but also promptly take preventive countermeasures.

We offer the following recommendations for reference:

1. Promptly readjust our nation's trade norms, restore order in exports, diversify our nation's trade market, and reduce the proportion of our nation's exports to the U.S. market. This will speed economic liberalization and internationalism so as to cope with the threat posed by the new omnibus trade bill.

2. Examine and formulate our nation's exchange rate policy to make it more flexible and prevent it from being interpreted as a means to manipulate the exchange rate, which would lead to exchange rate negotiations. Meanwhile, narrowing the prolonged huge trade surplus with the United States is also an effective way to prevent U.S. retaliation.

3. Perfect our nation's labor legislation, take the initiative in improving labor conditions, earnestly persuade factories to implement a trade union law, that is, the Standard Labor Law, and promptly solve labor-management disputes so that the question of workers' rights and interests will not become a pretext for the United States to resort to trade retaliation.

4. Promptly upgrade our industry, increase added value of products, make them more competitive in the market, effectively promote domestic investment, expand public facilities construction, lift restrictions on overseas investment, and vigorously advance along the course taken by the developed nations.

5. Strive for GATT membership in order to become a core member in Asian economy and trade. This will give us extra options, such as international arbitration, in case of economic and trade frictions in future, and will prevent us from having to directly face retaliation by the new U.S. omnibus trade bill.

In short, although the United States has passed this new omnibus trade bill, which poses a considerable threat, if we adopt appropriate countermeasures and constantly try to reduce its adverse impact, we can speedily readjust our trade policy, upgrade our industry, and advance along the course taken by the developed nations.

All U.S. Proposals Rejected at Trade Talks

OW0808045988 Taipei CNA in English 0228 GMT 8 Aug 88

[Text] Taoyuan, Northern Taiwan, Aug. 8 (CNA)—Even though the Republic of China [ROC] and the United States failed to reach an agreement at the Hawaii trade talks, both sides exhaustively exchanged opinions and this will therefore contribute significantly to the success of future trade talks, a ranking ROC official said Sunday.

Goh Chin-chao, deputy chairman of the Council of Agriculture and also the chief negotiator of the ROC delegation to the Hawaii talks held Aug. 4-5, made his remarks upon his arrival at Chiang Kai-shek International Airport.

During the agricultural consultative talks, Goh said, the American side brought up such issues as the imports of turkey and duck meat, lifting quotas on fruit imports, and extending the current ROC-U.S. rice pact set to expire at the end of 1988.

The U.S. side claimed that since the trade imbalance between the two countries is still too great and that the American presidential election is approaching, they hoped the ROC would make some concessions, Goh said.

The Chinese delegates, insisting on protecting local farmers' interests and rights, declined all the American proposals, he said.

When asked whether the U.S. would invoke Section 301 of the Trade Law to retaliate against the ROC, Goh merely replied that the government will carefully consider all elements so as to minimize harm to the nation.

The two countries will meet again in September.

Premier Cited on Improving Trade Ties With U.S.

OW0708201988 Taipei LIEN HO PAO
in Chinese 3 Aug 88 p 1

[Text] Taipei—Premier Yu Kuo-hua indicated yesterday that in order to effectively resolve the ROC [Republic of China]-U.S. trade imbalance, the government will continue to study the feasibility of lower tariffs and strive to sign a free trade zone accord with the United States, hoping that ROC-U.S. economic and trade relations can be improved with real and effective action.

The premier made the disclosure while speaking to scholars attending the No 4 Panel of the Economic Group of the National Construction Symposium on the U.S.-Canadian Free Trade Zone Accord and its possible impact on the ROC.

He stressed that the ROC has the greatest intention to improve trade relations with the United States. Citing the example of the United States repeatedly demanding that the ROC lower the tariff on chocolate candy, he said that liberalization measures such as lower tariffs have

more often than not benefitted Japan and European countries and not the United States. This is why we are more convinced that signing a free trade zone accord with the United States alone is a solution, he said.

It is reported that, in order to understand the advantages and disadvantages of signing a free trade zone accord before decisions are made, economic and trade units have requested the China Economic Institute to study the relevant issues and analyze how such an accord may affect industries in the ROC.

Officials of the ROC-U.S. Trade Panel have indicated that over the past several years, the ROC has time and again asked the United States to discuss the signing of a free trade zone accord, but thus far no progress has been made except that the United States has consented to "symbolically" exchange some economic and trade statistics with the ROC customs. While political consideration is the primary concern, the lack of interest on the part of U.S. businesses is another important factor because they believe that the ROC market is very limited, these officials said.

Relevant officials maintained that while Premier Yu's statement may not be able to arouse the interest of the American side, it can prompt units concerned to thoroughly study the many other relevant issues, as well as flexible measures for improving ROC-U.S. economic and trade relations.

U.S.-Based WFA Dissidents Possibly To Visit

OW0708003188 Taipei CHINA POST
in English 31 Jul 88

[Text] Members of the U.S.-based World Formosan Association (WFA) would be allowed to return to attend their annual meeting here next month if they promise not to advocate Taiwan independence during the meeting, Vice Premier Shih Chi-yang told opposition legislators yesterday.

In a meeting with Legislators Chiu Lien-hui, Fei Hsi-ping and You Ching of the Democratic Progressive Party at the Executive Yuan (Cabinet) building in Taipei, Shih said WFA members would also have to agree not to advocate dividing national territory or engaging in illegal activities during their visit here.

Some WFA members are barred from returning to Taiwan for having openly advocated Taiwan independence, which is considered seditious by the government.

Visiting WFA members would not be required to apply for permission from local authorities to hold indoor activities, but would have to apply for permits to stage street protests, the vice premier said.

Shih said the Executive Yuan would instruct concerned agencies to expedite and be lenient toward visa applications of WFA members on a case-by-case basis if the WFA agrees to the conditions. Visiting WFA members would be prosecuted if they violated the law, he said.

Not Very Harmonious [subhead]

At a press conference later in the day, Legislator You said he told the vice premier that WFA members would abide by Republic of China laws and would not engage in illegal activities during their stay here. But the government should expedite and be lenient toward visa applications of WFA members after the association gives its promise, You added.

You described the meeting as "not very harmonious," but added that he does not doubt the sincerity of both sides to communicate. During yesterday's meeting, both sides heatedly argued over the right and freedom to advocate Taiwan independence during the WFA meeting, he said.

You is chairman of the preparatory committee of the WFA's 15th annual meeting scheduled to be held here Aug. 19-21.

Legislator Chiu told reporters he urged the vice premier to make public the government's list of personae non grata and to state the reasons for denying entry to these people. The vice premier promised to relay the suggestion to higherups, Chiu added.

Premier Yu [subhead]

Meanwhile, Premier Yu Kuo-hua told three U.S.-bound legislators of the ruling party that the government will be lenient toward visa applications of WFA members on a case-by-case basis. The government does not mind if WFA members discuss politics in private during their visit here, but the government would not allow the visitors to openly advocate Taiwan independence and break the law, he said.

The National Security Law, which replaced martial law July last year, prohibits advocacy of secessionism.

GIO Head Reiterates Independence Against Policy
OW0508130188 Taipei Domestic Service in Mandarin
2300 GMT 1 Aug 88

[Text] Shao Yu-ming, director-general of the Government Information Office [GIO], reiterated that it goes against the nation's fundamental policy and law to advocate Taiwan's independence, and that any citizen or Overseas Chinese should abide by this if he is to conduct activities in the country.

Director General Shao said the above in reference to a remark made by Li Hsien-jung, president of the World Formosan Association, that he could not accept Vice Premier Shih Chi-yang's assertion of no discussion and no advocacy of Taiwan's independence.

Director General Shao said: [Begin recording] Any citizen at home, Overseas Chinese, or foreign national holding activities in the Republic of China should abide by the law of this country. The independence of Taiwan violates our fundamental national policy and Constitution. I feel that any citizen of the Republic of China, Overseas Chinese, or foreign national has an obligation to respect and meet this requirement. [end recording]

Review of Convictions for Trade With Mainland
HK0508095688 Hong Kong AFP in English 0941 GMT
5 Aug 88

[Text] Taipei, Aug 5 (AFP)—Taiwan's Supreme Court Friday ordered a review of the unprecedented conviction on sedition charges of two local businessmen who traded directly with mainland Chinese, a court official said. It ruled there was insufficient evidence to prove Kuo Shu-kuei, 58, and Lin Kuang-min, 49, had "provided financial assistance to traitors (Chinese communists)" or intended to betray Taiwan in business with mainlanders.

The mainland companies were said by the Supreme Court to be profit-seeking groups, not seditious organizations as charged, the official said.

It was the first sedition conviction involving direct trading with mainland Chinese and analysts said Friday's ruling demonstrated the need for clear definition of "financing the communists" and "sedition". The High Court, which handles sedition charges involving civilians, had on May 17 sentenced Mr. Kuo and Mr. Lin to five years in prison. President Li Teng-hui granted clemency and reduced this to three years and four months.

Mr. Kuo, a retired high school teacher, visited China several times in 1986 to arrange a contract for Mr. Lin with a firm in Xian making television tubes. Mr. Lin had also paid Mr. Kuo 3,000 U.S. dollars as down payment for the purchase of eel fry from a private mainland enterprise.

Taiwan permits indirect trade with China through third ports, but outlaws direct business contacts. Indirect trade through transshipment in Hong Kong totalled 1.5 billion dollars in 1987 and analysts expect more than two billions' worth this year.

In November, the Taipei authorities partially lifted a 38-year ban on visits to China, allowing residents to visit the mainland for family reunions. But travel for other purposes such as trade, sightseeing, reporting, sports, and cultural activities are still banned.

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